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RRP Input to NI 31-103  
Comments on Pending Securities Law Changes  
CANADIAN SECURITIES ADMINISTRATORS (CSA)  
REGISTERED REFORM PROJECT (RRP) / National Instrument 31-103  
To: John Stevenson ([jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)) May 19, 2008  
Ontario Security Commission  
And to:  
Alberta Securities Commission Honorable Iris Evans  
([sherwood.park@assembly.ab.ca](mailto:sherwood.park@assembly.ab.ca))

Attention: William (Bill) S. Rice, Q.C., Chair Minister of Finance  
4th Floor, 300 – 5th Avenue SW 10800 - 97 Avenue  
Calgary, AB, T2P 3C4 Edmonton, AB, T5K 2B6

John: It is my belief that on a general level, investments, such as mortgages, real estate or securities need to be appropriately regulated, However keep in mind that small and medium sized investors need to be given a freedom of choice – with full disclosure, reasonable costs and with reasonable oversight where to invest their money. I am both a frequent and multiple investor in many private (market-exempt) funds, I am also a principal in an apartment building syndication group operating under current market exempt legislation.

The government does not have to regulate every adult's personal choice, but provide a framework in which the market can operate for a long-term win/win relationship. There should be many options besides the public market for investments, having access to lucrative, professionally managed and often local investment opportunities that the average investor couldn't do by himself is one suggestion. Public companies would not involve themselves investing in small office tower syndication, apartment building co-ownership, land development or medium sized retail centers, and there is no framework for that business model in a Pub Co

How is an investment different than buying a house or a truck or a car even more risky buying a ticket to fly on a commercial air craft, Air Canada does not ask you to complete a risk tolerance questionnaire when buying a ticket ? There is no requirement to fill out a "know your client" form when partaking in other transactions where you are guaranteed to lose your money or which have risks as well. When someone buys a new car, the second they drive it off of the lot they lose thousands of dollars.

Why should a professional, for example, who earns \$125,000/year, has a house and a cash and RRSP portfolio of \$220,000 not be allowed to co-invest perhaps \$40,000 for a 20%+ ROI with a builder or syndicated group buying apartment buildings  
People who can invest that kind of money usually do a lot of due diligence before they invest their hard earned money, I speak to them everyday --- Do you?

Freedom of choice is what investors need, not an overly regulated, bloated investment environment with fees for various bureaucrats or brokerage houses, more lawyers, more

auditors or insurance companies.

It's amazing how you can open just about any National Newspaper and read about an adviser/broker employed by local or National securities firm who has been caught abusing his clients' investments for his own gain.

My suggestion would be a registration of any one involved in marketing registration exempt investments, perhaps a annual fee that would be used in back ground checks on those requesting registration, just as those who are registered security brokers are now licensed under the provincial securities commissions the same would apply to those marketing registration exempt investments. It should, at present not require any type of testing or education as the current securities course has no relationship to our real estate investments. Each province should be responsible for developing a set of guidelines that must be adhered to.

**Why fix what is not broken:** The current Prospectus and Registration Exemptions **NI 45-106** fills this gap between small-scale joint venture and a public firm quite nicely. The current legislation for non-reporting issuers, **NI 45-106 is NOT BROKEN.** It provides:

- a) Filing requirements so that the securities commission has an idea of who does what, and can act if someone complains or if they wish to need to know more.
- b) A risk acknowledgement form that is so sharply worded that the innocent investor is scared away "WARNING: This is a risky investment. You could lose all your money."

**On a daily bases** I speak with potential investors in Ontario that have substantial financial resources, they are educated and some times working professionals but don't meet the current accreditation requirements. When told they do not meet the "Accreditation rules of Ontario " they become very up set and rightly so. It is there belief and mine that the rule is in place to line the pockets of the Bay Street brokerage houses. It has nothing to do with real protection for investors.

The best way to fix something that isn't broken is to leave it alone. **NI 45-106** (Prospectus and Registration Exemptions) is not broken. In fact, it is accomplishing exactly what it was designed to accomplish, and doing so perfectly well. Thanks to NI 45-106 non-registered as well as registered industry participants are able to offer investments to the public – good investments, with excellent disclosure.

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