

John Stevenson, Secretary, Ontario Securities Commission: jstevenson@osc.gov.on.ca
Iris Evans, Minister of Finance: sherwood.park@assembly.ab.ca

Dear Mr. Stevenson and Minister Evans:

I wish to respond to the proposed regulations relating to the exempt market securities.

First, let me assure you that I value an economic environment where our Alberta investors prosper when they invest in prosperous Alberta business projects. The challenge comes in how to set up regulations that protect interested parties without smothering good business and investment opportunities. In light of these priorities, I have several concerns to bring to your attention. I ask you to thoughtfully review the points, as I have given this issue due consideration.

The exempt securities market is broad in scope and nature. The first problem I see is bringing a framework that is currently applied to nationally and internationally traded equities to investments of a completely different nature. These types of investments are nothing like the other securities currently regulated by ASC. They require different treatment.

Keep in mind that investors choose these exempt securities because they are different from the mass of investment options. In particular, the real estate and mortgage based investments are very different and offer very different risks and rewards. It can be a great diversification tool in an appropriate investor's portfolio.

I want to focus my comments on the following issues:

- Registration and proficiency of offerors and intermediaries
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I urge you to continue gathering more information about the industries you are trying to regulate before you finalize your regulations. Many related advisors such as lawyers and accountants could help you gain insight into how these industries are currently regulated both federally and provincially and how regulations could be more effective.

I welcome the ASC's desire to have trustworthy and qualified people representing these securities to potential investors. I support background checks and character checks. A basic and brief summary of ethical practice can be found on the Advocis website, and an in-depth code of practice is laid out in the course material for the certified financial planner. This could apply to anyone who works with potential investors.

I do not agree that the Canadian Securities Course is an appropriate standard of proficiency. If that were true, every employee and contractor of every financial institution in Canada needs that designation. Why not consider a different level of education? Industry experience, designations conferred within related industries, and/or a

different financial services course might be appropriate. I am aware that the real estate industry and mortgage industry offers several designations, the Alberta Insurance Council requires several courses, and there are numerous financial designations such as the Certified Financial Planner and Chartered Financial Consultant. Those within the exempt industry with good experience, character, and education could avoid pointless overlap. Canadian Securities Institute offers other courses besides the Securities Course such as the Conduct and Practices course that might accomplish your desired level of proficiency.

As well, please consider adjusting the requirements to take into account the size of the firm. A simple requirement for a large international financial institution could be an insurmountable obstacle for an individual practitioner, advisor or salesperson. Fairness would make room for adjustments related to this issue.

In addition, I am very concerned about protecting the privacy of investors. Keep in mind that most investors choose these exempt offerings because they are different from the mass available financial products. They want different investments and a different investment experience. Privacy is a big priority. Any informal survey of exempt investors would confirm that the purchasers of exempt offerings wish to disclose as little as possible about their personal financial situation. Please respect that and do not use the same client disclosure documents required in the mutual fund, stocks and bonds industry.

If you are interested in protecting investors, by all means make the disclosure documents in an offering include all the pertinent information a potential investor needs to make an informed choice. Even an executive summary that discloses general risks, potential for profit, management teams, and exit strategies can be sufficient for most potential investors. People are capable of assessing themselves with good information. I might even suggest a brief worksheet that an investor could complete and acknowledge that they completed, without disclosing the private information about the investor. Give the investors the means to self-assess investment appropriateness. They can acknowledge they have made informed choices.

There are many other points about this registration legislation to be reviewed and changed. I hope you will consider the content of many other letters to represent well-thought ideas.

Thank you for your time and consideration.

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