

Regarding the Proposed NI 31-103 Changes

Dear Honorable Representatives,

May 29, 2008  
Mr. John Stevenson  
Secretary  
Ontario Securities Commission  
Via E-mail  
The Honorable Iris Evans  
Minister of Finance, Province of Alberta

Re: Proposed National Instrument 31 -103 / Registration Reform Project

I support the Canadian Securities Administrators for the proposed National Instrument 31-103/Registration Reform Project, in particular how it relates to the exempt market. I do feel a couple changes should be made to protect investors freedom of choice, and also to protect the job and investment growth that depends on the health of this exempt market. Having an education requirement will be a great improvement for the industry and I agree the CSC is better than nothing but hope a more appropriate course is made to better inform sales reps.

The definition of handling clients' cash needs to be re-visited (in the exempt market typically only the issuer or law firm actually handles the cash) the Canadian Securities Administrators clearly gave certain previous items of contention the appropriate consideration as the idea of bonding and audited financials (from dealers) seems to have been taken off the table for the most part.

My concern with the know your Client rule coming into effect is that a medium risk investor will not be able to invest into a medium risk investment. A fair amount of the investing public is well aware that some exempt securities are not high risk. They sign the form that says they could lose all their money because they have done their due diligence and know that will not be the case. Also the need for agents to sign a KYC every year when we all know the investments under discussion are not liquid is inappropriate. If their circumstances change the agent cannot simply re-balance the portfolio until 1 of the investments matures. For this reason I propose a KYC only be required before a new investment is made. (unless there is a recent one on file)

Please understand that agents in this market are sometimes ill informed about the real risks involved. I am aware of situations where agents truly believe risk is low on their product but in reality it may be higher than they know. **For this reason I strongly urge the CSA to focus on the education component and ask for the industry to help build a program that builds a mandatory awareness before agents can be licensed. I believe this will protect the consumer**

**more than every other item in the proposal.** It will also bring on a better image to a growing industry of competitive products that will help Canadians reach their financial goals.

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