

Dear Madams:

I am writing to you today on behalf of my wife and I, and what we believe to be a large group of Canadians, who would be negatively impacted by the recent CSA and OSC proposal to limit investments in the Exempt Market to \$30,000 per year.

We both agree with ourselves that this move negatively impacts a certain large group of Canadians who are in financial recovery mode and must aggressively plan towards retirement.

As young Baby Boomers, my wife and I are part of a swath of Canadians who started their working careers working for Canadian companies that had some form of Pension Plans to which we contributed. With Pension Plans in place and a long future ahead of us, the need to invest separately was not critical. As a simple example, I spent 15 years working for Nortel and when I left, I signed an agreement that I would receive an indexed pension, starting at the age of 65. I am certain that you are all fully aware of the current value of my pension: zero
My wife had a similar experience.

We represent a large number of Canadians who started their careers in the same situation; with Pension Plans. We also represent the first swath of Canadians that lost their pensions for one reason or another and are now in scramble mode. We are forced to invest substantially and diligently, and we have no time to recover from a mistake.

Previous to investing in Exempt Market Products, we aggressively invested into Mutual Funds, as have most Canadians in our age group. Currently, the returns from Mutual Funds, minus their yearly MERs produces an environment where investments are simply not growing at a pace to meet retirement needs. In today's situation, investors are trying not to get crushed from the volatility of a Sideways Investment Market. This SIM has been with us for over 10 years and still has several years to go given it's historical pattern of approximately 20 years. Now, of course, this situation is compounded by the Global Economic Crisis, which has been with us since 2007 and which we all face. Putting these two elements together makes it incredibly difficult for the average person to invest in the liquid markets and survive.

Every morning, I read the Financial Post. I am aghast at how many times I read financial news in the morning and realize that overnight, while I was sleeping, something happened somewhere in the world, that would have negatively impacted my investments and thus my ability to retire.

Point: For you to limit my ability to invest in Exempt Market Products, is to force me to invest in a sideways market, during a Global Economic Crisis. I am personally certain that I am going to lose my shirt in that market. There are too many factors at play on a global basis, that I, as an average Canadian, have no trustworthy information to save me from potentially disastrous decisions. In this sideways market and during a GEC, companies that have produced prospectus information and are reporting issuers are no safer than companies that use the OM Exemption. These reporting companies are subject to a much higher degree of volatility over which they have very little control if any.

I must recover from having lost my pension. If I don't, or can't, I become an old age liability; not interested. For the Government to overlay limits on me, is to force me into a volatile sideways market where my chances of getting crushed go up exponentially.

When I invest in an Exempt Market product, I am immensely closer to the investment which has much less exposure to market volatility. I believe that between my own due diligence and the knowledge of

my advisor and his EMD; that I am in a safer place than in the liquid markets. Of course, this does not remove all risk, but it does somewhat contain volatility risk factors.

NI 31-103 that was put into place in September of 2010. It overlaid substantial oversight and rule over the Exempt Market. This has been a positive impact and continues to increase the quality of the investments, the companies involved and the overall processes in this market. Canadians need access to it; especially we Canadians that have lost our pensions and must invest aggressively to save ourselves from many years of retirement hardship.

I believe that "if" the government had not implemented NI 31-103, that the recommended ceiling of \$30,000 per year would make sense. Without this very important NI, the Exempt Market could be a dangerous place to invest. I can understand the position that the government would have taken to limit exposure. But, that is not the case. NI 31-103 was created and implemented and is having its desired affect at all levels in this market. I have made it my business to inform myself, in detail, about this market since I must invest and do find an ever increasing and ongoing improvement at all levels. The Due Diligence put in place by Exempt Market Dealers before they put an investment on their shelf is exemplary. I understand that it is not risk free and that things can go wrong. However, this is the case in any investment that will drive returns required to be able to retire. Investments like GICs or T-Bill, which have very low risk, unfortunately have no place in a portfolio where one must build equity quickly to retire.

The bottom line is: I must do all I can to save myself from retirement disaster. Both my wife's and I's pensions are gone. There are so many Canadians in the same boat. To limit access to the Exempt Market after the implementation of NI 31-103 is not required. It is producing its' desired affects. To limit our access to this market is to force us into an investment market continually affected by global market forces that the average Canadian can't fully understand. That is a recipe for disaster. Of the two market choices, the Exempt Market is currently a safer harbor.

This is a personal message written on behalf of my wife and I. However, as stated above, I feel it is also on behalf of all Canadians who have lost their pensions and are on the clock to recover. Should you wish to discuss further, or have any questions about my comments, please feel free to contact me at david.todd@live.com.

Sincerely,

David Todd