



February 25, 2013

Mark Wang
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Capital Markets Regulation
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2

Sent via Email: mwang@bcsc.bc.ca

Dear Sir:

Re: BC Notice 2013/01

Thank you for providing our organization with an opportunity to provide feedback on the revocation of these two exemptions.

Re: Proposed Revocation of BC Instrument 32-513 (the “NW Exemption”)

We solicited feedback from our members and collectively there was overwhelming support for revocation of the NW Exemption. The revocation of this exemption is a natural step towards increasing the credibility and integrity of the exempt market.

It has been the experience of our members that the NW Exemption has effectively been a ‘loop hole’ utilized not by the entrepreneurs for whom it was intended, but rather by those that want to look and act like registrants but that are not willing to take the necessary steps to become one.

There is a feeling that the majority of the individuals utilizing this exemption are not following its underlying guidelines and accordingly hurting the credibility of the exempt market as a whole. It has become increasingly difficult for investors to decipher the difference between those that are registered (and subject to KYC/KYP/suitability requirements) and those that are simply ‘salespeople’ masquerading as registrants. Revoking this exemption would provide much needed clarity in this area.

Presumably, those that have been compliantly relying on the NW Exemption will, in an effort to stay compliant, become registered dealing representatives with an Exempt Market Dealer and those who have been operating outside of its guidelines should, with proper enforcement, leave our industry.

While ease of access to capital for business must remain a priority for the BCSC, the continuance of the NW Exemption does not meet that objective. It can and surely will be argued that the NW exemption has provided a handful of issuers with a suitable means to access funds. While that may be true, it has all too often been improperly used and accordingly hurt the integrity of the exempt market. This improper use has hurt investor confidence and in turn ultimately made it more difficult for legitimate businesses to access the capital they require. We will welcome its revocation.

Re: Proposed Revocation of BC Instrument 32-517 (the “MIE Exemption”)

Much like in the case of the NW Exemption, our members are generally in favor of revocation of the MIE Exemption.

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Since implementation of NI 31-103, all of our Alberta based members, who operate mortgage investment corporations, have been operating without the benefit of the MIE Exemption as the same was not adopted by the Alberta Securities Commission.

While there were some short-term challenges for these entities in meeting the newly imposed standards, the consensus is that the short-term challenges were worthwhile, as they have resulted in a general cleansing of the mortgage investment industry through the elimination of a number of generally small parties that were either unwilling or unable to operate within the rules.

We would predict that British Columbia would experience something very similar if the MIE Exemption were revoked, with credible parties having minimal problems meeting the new requirements and those who cannot comply ultimately moving out of the industry.

Given the short-term challenges faced in Alberta, we would suggest a lengthy grace period for the revocation of this exemption, giving MIEs sufficient time to comply and the BCSC sufficient time to work with industry on complying, given the vast number of MIEs registered in British Columbia.

Please do not hesitate to contact the undersigned should you wish to discuss further.

Sincerely,

A handwritten signature in black ink, appearing to read "Craig Skauge", written in a cursive style.

Craig Skauge
President & Chair
National Exempt Market Association
craig@nemaonline.ca