

Multilateral CSA Notice 45-319

Amendments to Start-up Crowdfunding Registration and Prospectus Exemptions

June 30, 2016

Introduction

The securities regulatory authorities of British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia, (the **participating jurisdictions**) adopted on May 14, 2015, substantially harmonized registration and prospectus exemptions (together, the **start-up crowdfunding exemptions**) that allow start-up and early stage companies to raise capital in these jurisdictions, subject to certain conditions. The participating jurisdictions implemented the start-up crowdfunding exemptions by way of local blanket orders (the **start-up crowdfunding exemption orders**). On January 25, 2016¹, the participating jurisdictions (except British Columbia) amended the start-up crowdfunding exemption orders.

The participating jurisdictions are now making amendments to the start-up crowdfunding exemption orders and corresponding start-up forms² (collectively, the **Amendments**).

The Amendments will be effective in each participating jurisdiction concurrently with, or as soon as possible after, the publication of this notice.

Summary of the Amendments

In all participating jurisdictions (except British Columbia), issuers with exempt market filings are now required to electronically file their offering document and report of exempt distribution through SEDAR³. Issuers in British Columbia continue to file through BCSC eServices but are now required to file a new Form 45-106F1 *Report of Exempt Distribution*. To reflect these new filing requirements, amendments have been made to the applicable start-up forms and guides.

The Amendments also include changes of a housekeeping nature. The participating jurisdictions anticipate that the Amendments will provide greater clarification as to the expectations on funding portals and issuers relying on the start-up crowdfunding exemptions.

Questions

Please refer your questions to any of the following:

¹ Please refer to Multilateral CSA Notice 45-317 *Amendments to Start-up Crowdfunding Registration and Prospectus Exemptions*.

² There also have been revisions to the start-up guides.

³ Please refer to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*.

British Columbia

Isaac Z. Filaté
Senior Legal Counsel, Legal Services
Capital Markets Regulation Division
British Columbia Securities Commission
Telephone: 604-899-6573
E-mail: ifilate@bcsc.bc.ca

Elliott Mak
Senior Legal Counsel
Legal Services, Corporate Finance
British Columbia Securities Commission
Telephone: 604-899-6501
E-mail: emak@bcsc.bc.ca

Saskatchewan

Liz Kutarna
Deputy Director, Capital Markets
Securities Division
Financial and Consumer Affairs Authority of
Saskatchewan
Telephone: 306-787-5871
E-mail: liz.kutarna@gov.sk.ca

Mikale White
Legal Counsel
Securities Division
Financial and Consumer Affairs Authority
of Saskatchewan
Telephone: 306-798-3381
E-mail: mikale.white@gov.sk.ca

Manitoba

Chris Besko
Director, General Counsel
The Manitoba Securities Commission
Telephone: 204-945-2561
E-mail: chris.besko@gov.mb.ca

Québec

Gabriel Araish
Senior Analyst, Corporate Finance
Autorité des marchés financiers
Telephone: 514-395-0337, ext. 4414
E-mail: gabriel.araish@lautorite.qc.ca

Noémie C. Girard
Analyst, Supervision of Intermediaries
Autorité des marchés financiers
Telephone: 418-525-0337, ext. 4806
E-mail: noemie.corneau-
girard@lautorite.qc.ca

New Brunswick

Susan Powell
Deputy Director, Securities Division
Financial and Consumer Services Commission
Telephone: 506-643-7697
E-mail: susan.powell@fcnb.ca

Jason Alcorn
Senior Legal Counsel
Financial and Consumer Services Commission
Telephone: 506-643-7857
E-mail: jason.alcorn@fcnb.ca

Nova Scotia

Abel Lazarus
Securities Analyst
Nova Scotia Securities Commission
Telephone: 902-424-6859
E-mail: abel.lazarus@novascotia.ca



THE MANITOBA
SECURITIES
COMMISSION

THE SECURITIES ACT

Section 20(1)

)
)
)

Order No. 7105

May 14, 2015

**Start-up Crowdfunding Prospectus and Registration Exemption
Blanket Order 45-502**

WHEREAS:

(A) Considering the interests of investors and the financing needs of Manitoba start-up businesses, it is the intention of The Manitoba Securities Commission (the "Commission") to exempt certain issuers and funding portals (as defined below) from prospectus requirements and registration requirements on the conditions set out in this Order;

Definitions

(B) Terms defined in The Securities Act, R.S.M. 1988, c. S50 (the "Act"), or National Instrument 14-101 Definitions have the same meaning in this Order.

(C) In this Order:

"closing of the distribution" means, at the discretion of the issuer, any time after the minimum offering amount is reached;

"corresponding start-up crowdfunding order" means an order issued or a rule adopted by another securities regulatory authority or regulator, the terms of which are substantially similar to this Order;

"eligible security" means:

- (a) a common share,
- (b) a non-convertible preference share,
- (c) a security convertible into a security referred to in (a) or (b),
- (d) a non-convertible debt security linked to a fixed or floating interest rate, and
- (e) a unit of a limited partnership;

Securities Division

500-400 St. Mary Avenue, Winnipeg, MB R3C 4K5 • tel: 204.945.2548 • fax: 204.945.0330 • mbsecurities.ca

A DIVISION OF THE MANITOBA FINANCIAL SERVICES AGENCY

“funding portal” means a person or company that facilitates or proposes to facilitate online start-up crowdfunding distributions;

“issuer group” means

- (a) the issuer,
- (b) an affiliate of the issuer, and
- (c) any other issuer
 - (i) that is engaged in a common enterprise with the issuer or with an affiliate of the issuer, or
 - (ii) whose business is founded or organized, directly or indirectly, by the same person or company who founded or organized the issuer;

“minimum offering amount” means the minimum amount disclosed in the offering document;

“offering document” means a completed Form 1 – *Start-up Crowdfunding - Offering Document*, including any amendment to the offering document;

“participating jurisdictions” means British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia and any other jurisdiction whose securities regulatory authority or regulator has adopted a corresponding start-up crowdfunding order;

“principal” means a promoter, director, officer or control person;

“risk warning” means the risk warning document set out in Form 2 – *Start-up Crowdfunding - Risk Acknowledgement*; and

“start-up crowdfunding distribution” means a distribution through a funding portal of an eligible security that is exempt from the prospectus requirement under this Order or a corresponding start-up crowdfunding order.

Background

(D) Section 6 of the Act requires a person or company to register when trading securities.

(E) A funding portal that trades in securities may be registered or rely on the exemption from the dealer registration requirement in this Order.

(F) Section 37 of the Act requires a person or company to file a prospectus and to receive a receipt for that prospectus prior to distributing a security in the course of a primary distribution to the public.

(G) The Commission is satisfied, having considered the interests of investors and the financing needs of early stage businesses and other small enterprises, that, subject to the conditions of this order, it is appropriate to provide exemptions from the requirements of sections 6 and 37 of the Act to allow start-up crowdfunding distributions.

The Commission is of the opinion that it is not prejudicial to the public interest to make this Order.

IT IS ORDERED:

Exemption from dealer registration requirement for funding portals

1. THAT, under subsection 20(1) of the Act, a funding portal is exempt from the dealer registration requirements in section 6 of the Act for a trade by a funding portal in connection with a start-up crowdfunding distribution if the funding portal:

- (a) does not facilitate its first start-up crowdfunding distribution until the Commission confirms in writing receipt of the following:
 - (i) a completed Form 3 – Start-up Crowdfunding - Funding Portal Information Form,
 - (ii) a completed Form 4 - Start-up Crowdfunding - Funding Portal - Individual Information Form for each principal of the funding portal, and
 - (iii) such other documents as may be requested by the Commission;
- (b) delivers to the Commission any amendments to the documents referred to in subsection 1(a) as soon as practicable;
- (c) has not been notified by the Commission that the business of the funding portal is prejudicial to the public interest because the principals or their past conduct demonstrate a lack of:
 - (i) integrity,
 - (ii) financial responsibility, or
 - (iii) relevant knowledge or expertise;
- (d) has its head office located in a jurisdiction of Canada;
- (e) has a majority of its directors resident in Canada;
- (f) maintains books and records at its head office to accurately record its financial affairs and client transactions, and to demonstrate the extent of the funding portal's compliance with this Order for a period of eight years from the date a record is created;
- (g) is not registered under Canadian securities legislation;
- (h) does not provide advice to a purchaser or otherwise recommend or represent:

- (i) that an eligible security is suitable, or
 - (ii) any information about the merits of the investment;
- (i) prior to allowing any person or company entry to its website, requires the person or company to acknowledge that they are entering a website of a funding portal:
 - (i) that it is not operated by a registered dealer under Canadian securities legislation, and
 - (ii) that does not provide advice about the suitability of any security or about the merits of any investment;
- (j) discloses on its website,
 - (i) for each principal of the funding portal, their full legal name, municipality and jurisdiction of residence, business mailing and email address, and business telephone number, and
 - (ii) that the funding portal is relying on the exemption in this Order from the dealer registration requirement;
- (k) does not receive a commission, fee or other amount from a purchaser of an eligible security;
- (l) holds a purchaser's assets:
 - (i) separate and apart from the funding portal's own property,
 - (ii) in trust for the purchaser, and
 - (iii) in the case of cash, in a designated trust account at a Canadian financial institution;
- (m) receives payment for an eligible security electronically through the funding portal's website;
- (n) takes reasonable measures to ensure that an issuer and a purchaser are residents of a participating jurisdiction where the offering document is made available;
- (o) makes available to a purchaser through the funding portal's website the offering document and the risk warnings;
- (p) does not allow a purchaser to subscribe for an eligible security until the purchaser confirms that the purchaser has read and understood the offering document and the risk warnings;
- (q) notifies a purchaser of any amendment to the offering document and the right of the purchaser to withdraw their subscription after receiving notification of the amendment;
- (r) returns all funds to a purchaser within five business days of receiving a withdrawal notification under subsection 2(j) from that purchaser; and
- (s) completes one the following:

- (i) if the minimum offering amount has not been raised by the 90th day after the offering document is first made available on the funding portal's website or the start-up crowdfunding distribution is withdrawn, no later than five business days following such occurrence:
 - (A) returns, or causes to return, all funds to each purchaser, and
 - (B) notifies the issuer and each purchaser that funds have been returned,
- (ii) if each 48 hour period in subsection 2(j) has elapsed,
 - (A) releases, or causes to release, all funds due to the issuer at the closing of the distribution, and
 - (B) no later than fifteen days after the closing of the distribution:
 - (a) notifies each purchaser that the funds have been released to the issuer, and
 - (b) provides the issuer with all information required to comply with the issuer's obligations in subsection 2(r)(ii).

Exemption from prospectus requirements for issuers

2. THAT, under subsection 20(1) of the Act, an issuer is exempt from the prospectus requirement in section 37 of the Act in connection with a primary distribution to the public if:

- (a) the distribution is of its own eligible security;
- (b) the distribution and payment for the eligible security is facilitated through a funding portal that is:
 - (i) relying on the exemption in section 1, or
 - (ii) operated by a registered dealer, provided the issuer has obtained written confirmation from the registered dealer that:
 - (A) it has filed either a completed Form 33-109F5 *Change of Registration Information*, or Form 33-109F6 *Firm Registration* that describes its business as including operating a funding portal under this Order;
 - (B) the funding portal meets or will meet the conditions set out in subsections 1(m) to 1(s); and
 - (C) prior to allowing any person or company entry to its website, requires the person or company to acknowledge that they are entering a website of a funding portal:
 - (a) that is operated by an investment dealer, an exempt market dealer or a restricted dealer, as applicable under Canadian securities legislation,
 - (b) that will provide advice about the suitability of the eligible security if it is required to do so under securities legislation;

(c) that will not provide advice about the suitability of the eligible security if subparagraph (b) does not apply;

- (c) the issuer is not a reporting issuer or an investment fund in any jurisdiction of Canada or foreign jurisdiction;
- (d) the head office of the issuer is located in a participating jurisdiction;
- (e) the aggregate funds raised in any start-up crowdfunding distribution by any person or company in the issuer group does not exceed \$250,000;
- (f) the issuer group is restricted to no more than two start-up crowdfunding distributions in a calendar year;
- (g) the distribution occurs no later than the 90th day after the first date the offering document is made available on the funding portal's website;
- (h) the issuer uses an offering document to conduct the distribution and provides the offering document to the funding portal for the purpose of making it available to a purchaser through the funding portal's website;
- (i) the issuer amends the offering document in the event the offering document is no longer true and provides it to the funding portal as soon as practicable for the purpose of making it available to a purchaser through the funding portal's website;
- (j) the issuer provides a purchaser with a contractual right to withdraw an offer to purchase an eligible security that may be exercised by the purchaser delivering a notice to the funding portal within 48 hours of:
 - (i) the purchaser's subscription, or
 - (ii) the funding portal notifying the purchaser that the offering document has been amended;
- (k) the offering document discloses how the issuer intends to use the funds raised and the minimum offering amount to close the distribution;
- (l) the issuer raises the minimum offering amount described in the offering document, which may be reduced by the amount of any concurrent distribution made under a prospectus exemption other than the prospectus exemption set out in this Order and a corresponding start-up crowdfunding order, provided that the funds from the concurrent distribution are unconditionally available to the issuer;
- (m) no concurrent start-up crowdfunding distribution is made by any person or company in the issuer group for the purpose described in the offering document;

- (n) no commission, fee or other amounts are paid to the issuer group or any of their principals, employees or agents with respect to the distribution;
- (o) a principal of the issuer group is not a principal of the funding portal;
- (p) no person or company invests more than \$1,500; and
- (q) within 30 days after the closing of the distribution, the issuer delivers or causes to be delivered to each purchaser a confirmation setting out the following:
 - (i) the date of subscription and the closing of the distribution;
 - (ii) the quantity and description of the eligible security purchased;
 - (iii) the price per eligible security paid by the purchaser; and
 - (iv) the total commission, fee and any other amounts paid by the issuer to the funding portal in respect of the start-up crowdfunding distribution.
- (r) An issuer that distributes a security under this Order must file no later than the 30th day after the closing of the distribution:
 - (i) the offering document; and
 - (ii) a report in Form 5 - *Start-up Crowdfunding - Report of Exempt Distribution*.

Resale restrictions

- (s) The first trade of a security acquired under this Order or a corresponding start-up crowdfunding order is subject to section 2.5 of National Instrument 45-102 *Resale of Securities*.

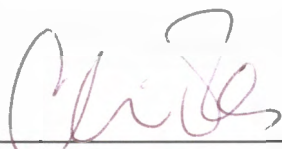
Effective date

3. **THAT**, This Order comes into effect on May 14, 2015 and expires on May 13, 2020.
4. Despite subsection 3, subsection 1(j)(ii) comes into effect on August 1, 2016.

5. An issuer that makes an offering document available to a purchaser through a funding portal's website before June 30, 2016 may file an offering document in accordance with the securities legislation in effect on the first date the offering document was made available on the funding portal's website.

Amended January 25, 2016

Amended June 30, 2016

A handwritten signature in red ink, appearing to be 'Chris', written over a horizontal line.

Director

Start-up Crowdfunding Guide for Businesses

Crowdfunding is a process through which an individual or a business can raise small amounts of money from a large number of people, typically through the Internet. The objective is to raise sufficient funds in order to carry out a specific project. There are different types of crowdfunding, such as by donation, pre-selling of products or securities crowdfunding. This guide discusses securities crowdfunding.

Securities crowdfunding

With securities crowdfunding, a business raises funds through the Internet by issuing securities (such as bonds or shares) to many people. This type of crowdfunding is overseen by the regulator of the province or territory where the business and potential purchasers are located.

Valérie has a brilliant idea. She has developed a soft drink flavoured with maple syrup and other local products. She has prepared a detailed business plan and hopes to turn a profit from her business venture. She thinks there is a market for maple soft drinks in gourmet grocery stores, bars and restaurants. She wants to begin production. She needs \$75,000 in order to bottle and market her soft drinks. She applied to a financial institution for a loan, but was refused. She is thinking about raising the funds she needs by issuing shares through a securities crowdfunding distribution.

Legal Obligations

In Canada, all trading of securities is subject to legal obligations. For example, a business seeking to raise capital by issuing securities must file a prospectus with the securities regulator of their province or territory or have an exemption from the prospectus requirement under securities law.

These obligations, however, can be costly for start-ups and early stage businesses. The securities regulators in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia (the **participating jurisdictions**) allow start-ups and small businesses (**issuers**) to raise funds using securities crowdfunding without filing a prospectus or preparing financial statements. The securities regulators refer to this as the “**start-up crowdfunding exemptions**” or “**start-up crowdfunding**”.

The start-up crowdfunding exemptions allow:

- a start-up or early stage issuer to raise relatively small amounts of capital by distributing securities to investors without filing a prospectus (**start-up prospectus exemption**);

- a funding portal to facilitate trades of those securities without having to register as a dealer (**start-up registration exemption**), although a funding portal can be operated by a registered dealer.

The purpose of this guide is to assist issuers intending to raise funds by relying on the start-up prospectus exemption. In this guide, “**regulator**” means the securities regulator or regulatory authority in a participating jurisdiction.

How Start-up Crowdfunding Works



In order to raise funds using the start-up prospectus exemption, issuers must prepare and post an offering document on a funding portal’s crowdfunding website. Investors will then be able to read about the offering and decide whether to invest. Before investing, investors will have to confirm that they have read the offering document and understood that the investment is risky.

When should an issuer consider start-up crowdfunding?

Before launching a start-up crowdfunding distribution, the management of the issuer should:

- evaluate other sources of funding, such as a loan from a financial institution;
- assess whether they are willing to invest the time and efforts needed to prepare and run a start-up crowdfunding distribution;

- determine the type and characteristics of securities that will be sold;
- determine the number of securities to be sold and at what price;
- assess if they have the capabilities to manage a great number of security holders.

If a start-up crowdfunding distribution is successful, the issuer may have to give up part of the ownership of the issuer to investors. The issuer will also need to be accountable to investors. Investors will expect to be informed about successes and failures of the issuer's business. Management of the issuer should assess whether they are willing to spend the time and effort to maintain contact with investors.

The start-up prospectus exemption is not available to reporting issuers. Reporting issuers are companies that are required to make continuous disclosure to the public of their business activities by filing financial statements and other documents as required by securities legislation. These types of issuers are considered to be more established than the start-up or early stage issuers that are permitted to use start-up crowdfunding.

Where is start-up crowdfunding available?

The start-up prospectus exemption is only available to issuers that have a head office located in one of the participating jurisdictions (British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick or Nova Scotia). In addition, the investor must be a resident in one of the participating jurisdictions.

If an issuer wants to raise funds in a participating jurisdiction, the issuer will want to make sure that the funding portal they choose is also operating in that participating jurisdiction.

What is the maximum amount that can be raised? Are there any time limitations for raising that amount?

\$250,000 per start-up crowdfunding distribution. The offering document must indicate a minimum amount that has to be raised before the offering can close. The issuer has a maximum of 90 days to raise the minimum amount, starting on the day the issuer's offering document is first made available to investors through a funding portal's website.

The money will be held in trust by the funding portal until the minimum amount of the offering is reached. The issuer may then complete the offering by issuing the securities.

If the minimum amount is not reached, or the start-up crowdfunding distribution is withdrawn, the funding portal must return the money to the investors.

How often can an issuer raise money using start-up crowdfunding?

An issuer group may complete a maximum of two start-up crowdfunding distributions per calendar year. The issuer group cannot have more than one start-up crowdfunding distribution running at the same time or on different funding portals for the same purpose. The issuer group must wait until the first distribution has ended before launching a second one.

The “**issuer group**” means the issuer, any affiliates of the issuer and any other issuer that is engaged in a common enterprise with the issuer or an affiliate, or whose business is founded or organized by the same person or company who founded or organized the issuer.

What is the maximum amount an issuer can raise from each investor?

\$1,500 per start-up crowdfunding distribution. The issuer may require a minimum amount per investor (e.g. \$500).

Compliance with the start-up prospectus exemption

Each of the participating jurisdictions has their own Start-up Crowdfunding Registration and Prospectus Exemptions order (**blanket order**). Each blanket order is substantially harmonized with the other participating jurisdictions. However, the issuer must ensure that they are in compliance with the blanket order in each participating jurisdiction where they are raising funds. Please check the applicable blanket order which can be found on the regulator’s website.

If an issuer does not meet the conditions of the start-up prospectus exemption, then it can no longer rely on that exemption to raise money from investors.

Launching a Start-up Crowdfunding Distribution

Once an issuer has determined that it will launch a start-up crowdfunding distribution, it will need to prepare an offering document and choose a funding portal to post its offering document. Issuers are required to prepare the offering document using Form 1 – *Start-up Crowdfunding – Offering Document*. For information on how to complete this form, please refer to the section in this guide called “*Preparing an offering document*”.

What is a funding portal?

A funding portal lists start-up crowdfunding distributions on its website and facilitates the payment of the purchase price from the investor to the issuer. Funding portals will generally charge issuers for hosting a start-up crowdfunding distribution.

The funding portal is responsible for:

- providing a risk warning form to potential investors;
- holding all investor funds in trust until the issuer raises the minimum funding target;
- returning funds to investors, without deduction, if the issuer does not reach its minimum funding target or if the issuer withdraws its distribution.

What types of funding portals are available?

There are different types of funding portals that may facilitate start-up crowdfunding:

- funding portals operated by persons or companies relying on the start-up registration exemption that are not registered under Canadian securities legislation and that cannot give advice about the suitability of any security or about the merits of any investment;
- funding portals operated by a registered investment dealer, exempt market dealer or restricted dealer under Canadian securities legislation that are required to provide advice about the suitability of the security;
- funding portals operated by a registered dealer under Canadian securities legislation and subject to the terms and conditions of their registration that cannot give advice about the suitability of any investment. An example of this type of funding portal would be one operated by a restricted dealer subject to the terms and conditions of Multilateral Instrument 45-108 *Crowdfunding* (MI 45-108). Please note this MI 45-108 restricted dealer is not allowed to operate in BC.

For additional information on MI 45-108 please refer to MI 45-108 and its Companion Policy.

Please refer to the *Start-up Crowdfunding Guide for Funding Portals* for more information on funding portal requirements for the different types of funding portals.

Does the issuer have a choice of which type of funding portal?

The issuer has the choice of which type of funding portal to use for its start-up crowdfunding distribution. The issuer may want to evaluate the funding portal such as finding out about the individuals operating the funding portal, how it handles the funds collected from investors, what participating jurisdiction the funding portal is operating in, and what fees it will charge the issuer for posting its start-up crowdfunding offering document.

The issuer may also check with a regulator in a participating jurisdiction to determine whether the funding portal is operating in the participating jurisdictions that the issuer proposes to conduct start-up crowdfunding. The contact information for the participating jurisdictions can be found at the end of this guide.

What information needs to be in the offering document?

The offering document must include basic information about the business and the offering, how it will use the money and any risk to the project. The offering document must also include the minimum amount needed to be raised to accomplish the issuer's business goals.

The information contained in the offering document must be kept up to date throughout the duration of the start-up crowdfunding distribution. If information contained in the offering document is no longer true, the issuer must amend the offering document as soon as practicable and send the new version to the funding portal. The funding portal will post the new version of the offering document on its website and will notify investors about the amendment.

The offering document does not need to be updated after the start-up crowdfunding distribution is over.

If the issuer raises funds in Québec, the offering document and the risk acknowledgement form must be made available to investors in Québec in French or in French and English.

For additional details on the offering document, including instructions on how to prepare this document, please see the section "*Preparing an offering document*" below.

What if an investor changes their mind?

Investors have the right to withdraw their investment within 48 hours following the investor's subscription. Investors also have the right to withdraw their investment within 48 hours of the funding portal notifying the investor of an amendment to an offering document.

To exercise this right of withdrawal, investors must notify the funding portal. The funding portal must give investors the opportunity to exercise this right. The funding portal must return the funds to an investor who exercises this right, without any deduction, within 5 business days after the notice.

Completing a Start-up Crowdfunding Distribution

Once the minimum amount has been raised, the issuer has the discretion to close the start-up crowdfunding distribution by issuing the securities to investors. However, the issuer must wait until each investor's 48-hour withdrawal period has expired.

If the issuer has disclosed in the offering document what it will do with any extra funds raised above the minimum amount, then the issuer can continue raising funds provided the issuer closes the distribution within the 90-day maximum offering period and up to the maximum amount indicated in the offering document. This maximum amount cannot be more than \$250,000.

At the closing of the distribution the funding portal releases the funds raised to the issuer.

Can an issuer use another prospectus exemption to meet the minimum amount?

Although an issuer cannot have two start-up crowdfunding distributions running at the same time or on more than one funding portal, the issuer can raise funds using other prospectus exemptions during a start-up crowdfunding distribution. For example, the issuer may issue securities to an accredited investor. Other prospectus exemptions, such as the accredited investor exemption, are found in the instruments and rules of the local regulator, including National Instrument 45-106 *Prospectus Exemptions*. The funds raised under other prospectus exemptions can be used to reach the minimum amount stated in the offering document if they are unconditionally available to the issuer. This would not trigger the requirement to amend the offering document by the issuer.

Valérie's objective is to raise a minimum of \$75,000. Through the funding portal, she raised \$45,000 from investors under the start-up crowdfunding exemption. At the same time, Paul, who is considered to be an "accredited investor" because of his income and assets, unconditionally undertakes to invest \$30,000 in Valérie's enterprise. The minimum amount has been reached because Valérie can include Paul's \$30,000 investment as part of the start-up crowdfunding offering minimum amount. By including this amount, Valérie would not have to amend her start-up offering document. Valérie can now close her start-up crowdfunding distribution and ask the funding portal to release the \$45,000 raised on its crowdfunding website as soon as the 48-hour withdrawal period has expired for all investors.

If an issuer raises funds under other prospectus exemptions, it must comply with the start-up crowdfunding exemptions and the legal requirements of the other exemptions. An issuer should seek professional advice if it has any questions regarding compliance.

After the closing

Filing of the offering document and report of exempt distribution

The offering document and a report of exempt distribution must be filed with the regulator of each participating jurisdiction where investors are located no later than 30 days after the closing of the distribution. For example, if the issuer has raised money in Québec and Nova Scotia, the offering document and report of exempt distribution must be filed with the Autorité des marchés financiers and the Nova Scotia Securities Commission.

When filing the offering document, the issuer must include all copies of the offering document including any amended versions.

In addition, the offering document and report of exempt distribution must be filed with the regulator of the participating jurisdiction where the issuer's head office is located, even if no investors were located in this jurisdiction.

The issuer must follow the filing requirements of the applicable participating jurisdiction(s) as indicated in the table below:

Participating Jurisdiction	Filing requirements
Manitoba New Brunswick Nova Scotia Québec Saskatchewan	What to file: <ul style="list-style-type: none">• Form 1 <i>Start-up Crowdfunding - Offering Document (Form 1)</i>• Form 5 <i>Start-up Crowdfunding - Report of Exempt Distribution (Form 5)</i><ul style="list-style-type: none">◦ Schedule 1 to Form 5 <i>Start-up Crowdfunding – Purchaser Information</i> How to file: <ul style="list-style-type: none">• Electronically through SEDAR, in accordance with National Instrument 13-101 <i>System for Electronic Document Analysis and Retrieval</i> (SEDAR) (described below)
British Columbia (BC)	What to file: <ul style="list-style-type: none">• Form 1 <i>Start-up Crowdfunding - Offering Document</i>• Form 45-106F1 <i>Report of Exempt Distribution</i> How to file: <ul style="list-style-type: none">• Electronically via BC's eServices website (https://eservices.bpsc.bc.ca/)

Participating jurisdictions with SEDAR filing requirements:

Issuers with exempt market filings are now required to electronically file through SEDAR in all participating jurisdictions (except British Columbia).

Therefore, if issuers relied on the start-up prospectus exemption to raise funds from investors in Manitoba, New Brunswick, Nova Scotia, Québec or Saskatchewan, or if the issuer's head office is located in one of those participating jurisdictions, then that issuer will be required to file their Form 1, Form 5 and Schedule 1 to Form 5 electronically through SEDAR.

Form 1 is the start-up crowdfunding offering document that was provided to investors prior to purchase and any amended versions, if applicable.

Form 5 provides details to the regulator on the start-up crowdfunding distribution such as the amount of funds raised by the issuer.

Schedule 1 to Form 5 provides purchaser information for those who invested in their start-up offering.

Form 1 and Form 5 will be publicly available once filed on SEDAR. Schedule 1 to Form 5 will not be publicly available.

The Canadian Securities Administrators (CSA) has information regarding the SEDAR filing requirements. Please see:

- [CSA Staff Notice 13-323 – Frequently Asked Questions About Making Exempt Market Offering and Disclosure Filings on SEDAR;](#)
- [CSA website on Reports of Exempt Distribution contains links to the reports for start-up crowdfunding prospectus exemption for SEDAR filing;](#)
 - On this webpage of the CSA website you will find:
 - a link to an optional fillable PDF for the Form 5 and
 - a link to the mandatory excel spreadsheet for Schedule 1 to Form 5 that must be used when filing on SEDAR (use of this excel spreadsheet is mandatory to ensure consistency in the filing of information on SEDAR).

Issuers may wish to ask their funding portal to use the same mandatory Schedule 1 to Form 5 when the funding portal is providing purchaser information to the issuer. This may make it easier for the issuer when the SEDAR filing is made.

Item 8 of Form 5 asks the issuer to provide the aggregate funds raised through the start-up distribution. When completing Item 11 of Form 5, issuers should ensure that the aggregate funds reported here is the same amount as reported in Item 8, but broken down by participating jurisdiction(s).

Schedule 1 to Form 5 asks the issuer to report the total purchase price paid by each purchaser. The issuer should ensure that the total of the “*Total Purchase Price*” column is the same as the aggregate funds amount reported in Items 8 and 11 on Form 5.

Item 8.1 of Form 5 asks whether there were any funds (if any) raised through concurrent distributions using other prospectus exemptions that are unconditionally available to the issuer to satisfy the minimum amount and if so, what amount.

Valérie met her objective to raise a minimum of \$75,000. She did this by raising \$45,000 from investors under the start-up crowdfunding exemption and \$30,000 from Paul under the accredited investor exemption. Therefore when Valérie completes her Form 5, she will report \$45,000 in Item 8 and \$30,000 in Item 8.1. When Valérie completes her Schedule 1 to Form 5, she will only list purchaser information for those investors using the start-up crowdfunding exemption. That amount must add up to \$45,000.

Different filing requirements

An issuer may be subject to two different filing requirements if they are required to file in BC and in any of the other participating jurisdiction(s). Valérie’s brilliant idea raised \$45,000 through start-up crowdfunding. Her head office is in Québec and she raised the following funds from investors: \$10,000 in Québec, \$12,000 in New Brunswick, and \$23,000 in British Columbia.

To meet her filing requirements, Valérie will need to file her Form 1, Form 5 and Schedule 1 to Form 5 electronically through SEDAR. She indicates on SEDAR that she is filing for both Québec and New Brunswick.

She will also need to file the Form 1 and Form 45-106F1 electronically via BC’s eServices website (<https://eservices.bcsc.bc.ca/>).

Confirmation notice to investors

Within 30 days after the closing of the distribution, the issuer must send a confirmation notice to each investor who purchases securities with the following information:

- the date of subscription and the closing date of the distribution;
- the quantity and description of securities purchased;
- the price paid per security;

- the total commission, fee and any other amounts paid by the issuer to the funding portal in respect of the start-up crowdfunding distribution.

Preparing an offering document

Issuers are responsible for preparing an offering document that investors will read to determine if they want to invest in that issuer. The offering document must be prepared using Form 1 *Start-up Crowdfunding – Offering Document*. The issuer must provide information for each of the items in the form.

The following will help issuers complete certain items of the offering document and should be read together with the form.

Item 2: The issuer

- 2.1 (a) The organizing documents are the issuer's articles of incorporation, limited partnership agreement or other similar documents.
- (b) The head office is generally where the people managing the issuer, including the CEO, maintain their offices. This may be the same address, or different from the registered office address, depending on the legal structure of the corporation. The address of the head office should be a physical address and not be a P.O. Box.

Item 4: Management

- 4.1 The people named here are important for investors to assess if they want to invest in the issuer. These people should preferably have experience in managing a business, or in the same industry as the issuer.

Director: An individual occupying the position of director with the issuer. If the issuer is a limited partnership, information should also be provided for the directors of the general partner.

Officer: Includes the CEO, president, a vice-president, corporate secretary, general manager or any other individual who performs functions of officer for the issuer. If the issuer is a limited partnership, information should also be provided for the officers of the general partner.

Promoter: A person who takes the initiative in founding or organizing the issuer is generally considered a promoter of the issuer.

Control person: A person that holds more than 20% of the voting rights, alone or with other persons acting in concert, is generally considered a control person of the issuer.

- 4.2 If any of the persons listed in item 4.1 is or has been subject to any of the proceedings described in item 4.2, state this fact. Provide the name of the person involved and enough details on the time, nature and the outcome of the proceedings.

A quasi-criminal offence may include offences under the *Income Tax Act* (R.S.C. 1985, c. 1 (5th Suppl.)), the *Immigration and Refugee Protection Act* (R.S.C., 2001, c. 27) or the tax, immigration, drugs, firearms, money laundering or securities legislation of any province or territory of Canada or foreign jurisdiction.

Item 5: Start-up crowdfunding distribution

- 5.1 The issuer must provide the offering document to a funding portal. The funding portal must make the offering document available on its website before the issuer can begin to raise money. If the issuer is using a funding portal that is operated by a registered dealer, it must provide the name of the registered dealer in addition to the name of the funding portal. The offering document can only be posted on one funding portal.

- 5.3 (a) A start-up crowdfunding distribution is not allowed to close if the minimum offering amount has not been reached within 90 days. The offering document will be posted on the funding portal's website on the date agreed to by the issuer and the funding portal.

(b) During the offering period, the issuer must immediately amend the offering document if the information that it contains is no longer true. Provide the date the amended offering document is posted on the funding portal's website and a description of the information that was amended. If the offering document is amended, the issuer must not modify the date in (a). Investors will have the right to withdraw their subscription within 48 hours of the funding portal notifying the investor that the offering document has been amended.

If the offering document has not been amended, (b) is not applicable.

- 5.5 The issuer must tell investors what rights are attached to the securities described in item 5.4, if any. This information is usually found in the organizing documents referred to in item 6.3.

- 5.6 The restrictions and conditions to be described here are generally found in shareholder's agreements or limited partnership agreements.

A tag-along right is a contractual obligation used to protect minority shareholders. The right assures that if the majority shareholder sells his stake,

minority shareholders have the right to join and sell their securities on the same terms and conditions as would apply to the majority shareholder.

A drag-along right is designed to protect a majority shareholder. A drag-along right enables a majority shareholder to force minority shareholders to join in the sale of a company, by giving the minority shareholders the same price, terms, and conditions as any other seller.

A pre-emptive right is the right of existing shareholders to acquire new shares issued by the issuer. It can allow existing shareholders to maintain their proportional ownership of the issuer, preventing stock dilution.

- 5.7 The issuer must set a minimum amount to be raised before it can close a start-up crowdfunding distribution. The maximum amount cannot exceed \$250,000.

The amount raised needs to be equal to the total number of securities the issuer wishes to issue multiplied by the price per security.

- 5.8 The issuer has the option to set a minimum investment amount per investor. This amount cannot be over \$1,500. If the issuer does not wish to set a minimum investment amount, item 5.8 should be left blank. The minimum investment amount per investor cannot be below the price per security.

Item 6: Issuer's business

- 6.1 The description of the issuer's business is a very important part of the offering document. Enough details should be provided for an investor to clearly understand what the issuer does, or intends to do. Consideration should be given to the following:

- What makes the issuer's business special and different from other competitors in the industry?
- What milestones has the issuer already reached?
- Where does the issuer see its business in three, five and ten years?
- What are the issuer's future plans and hopes for its business and how does it plan to get there?
- What is the issuer's management experience in running a business or in the same industry?

- 6.2 Indicate whether the issuer is a corporation, a limited partnership, a general partnership or other. Also, indicate the province, territory or state where the issuer is incorporated or organized.

- 6.3 Specify where investors can review the issuer's organizing documents. Online access to these documents is convenient for investors.
- 6.5 The issuer is not required to provide financial statements to investors in connection with a start-up crowdfunding distribution. However, many investors use financial statements to assess and compare investment opportunities and may be reluctant to invest in a business that does not provide this type of information.

The issuer can choose to make financial statements available to investors. If so, it must include the statement provided in item 6.5 in the offering document. The issuer may want to post the financial statements on the issuer's website for the convenience of its investors.

The issuer should not, however, include the financial statements with or provide a link to the financial statements in the offering document. If the issuer chooses to include the financial statements or a link in the offering document, there may be an obligation under securities laws to prepare the financial statements using Canadian GAAP for publicly accountable enterprises and to audit the financial statements using Canadian GAAS.

Item 7: Use of funds

- 7.1 If the issuer has previously raised funds, specify for which purpose they were used. Include enough details so an investor can clearly understand:
- How much money the issuer has already raised?
 - How the issuer raised it?
 - What prospectus exemption was used?
 - How has that money been used?

If the issuer has not previously raised funds, state this fact.

- 7.2 The issuer must tell investors what it will do with the money raised from this start-up crowdfunding distribution by providing enough details to allow investors to make a reasoned investment decision. Incomplete or unrealistic information will not help the issuer raise more money. Therefore, the issuer should make sure its plans are realistic and achievable.

Item 8: Previous start-up crowdfunding distributions

- 8.1 Provide the information listed under item 8.1 if any of the persons listed in item 4.1 have been involved in a start-up crowdfunding distribution in any of the participating jurisdictions in the past five years, whether with the issuer, or with another issuer.

Item 9: Compensation paid to funding portal

- 9.1 Describe the fees (e.g., commission, arranging fee or other fee) that the funding portal is charging for its services. Describe each type of fee and the estimated amount to be paid for each type. If a commission is being paid, indicate the percentage that the commission will represent of the gross proceeds of the offering (assuming both the minimum and maximum offering).

Item 10: Risk factors

- 10.1 Explain the risks of investing in the issuer for the investor in a meaningful way, avoiding overly general or “boilerplate” disclosure. Disclose both the risk and the factual basis for it. Risks can relate to the issuer’s business, its industry, its clients, etc.

Issuers should be truthful, reasonable and clear. Investors deserve to be able to make a reasoned decision based on all the information, even the downside. Issuers may indicate how they plan to mitigate these risks, but should not de-emphasize the risks by including excessive caveats or conditions.

Item 11: Reporting obligations

- 11.1 Tell investors how the issuer will keep them informed about the business and their investment.

The regulator does not require that the issuer report to investors, but investors will want to be kept informed. If the issuer fails to do this, it may create disgruntled investors that can make it difficult for the issuer to raise money in the future.

Setting out a reasonable reporting plan is important. Issuers should make sure the plan is realistic. Reporting doesn’t have to be complex or costly. Reporting can be through newsletters, social media sites, email, financial statements or similar documents. Issuers should go over the milestones that have been met, confirm how investors’ money was used, and discuss future plans.

Questions:

Refer any questions to the following participating jurisdictions:

British Columbia	British Columbia Securities Commission Telephone: 604-899-6854 Toll free in Canada: 1-800-373-6393 E-mail: portal@bcsc.bc.ca www.bcsc.bc.ca
Saskatchewan	Financial and Consumer Affairs Authority of Saskatchewan Securities Division Telephone: 306-787-5645 E-mail: exemptions@gov.sk.ca www.fcaa.gov.sk.ca
Manitoba	The Manitoba Securities Commission Telephone: 204-945-2548 Toll free in Manitoba: 1-800-655-2548 E-mail: exemptions.msc@gov.mb.ca www.mbsecurities.ca
Québec	Autorité des marchés financiers Direction du financement des sociétés Telephone: 514-395-0337 Toll free in Québec: 1-877-525-0337 E-mail: financement-participatif@lautorite.qc.ca www.lautorite.qc.ca
New Brunswick	Financial and Consumer Services Commission Toll free: 1-866-933-2222 E-mail: emf-md@fcnb.ca www.fcnb.ca
Nova Scotia	Nova Scotia Securities Commission Telephone: 902-424-7768 Toll free in Nova Scotia: 1-855-424-2499 E-mail: nssc.crowdfunding@novascotia.ca nssc.novascotia.ca

Start-up Crowdfunding Guide for Investors

Crowdfunding is a process through which an individual or a business can raise small amounts of money from a large number of people, typically through the Internet. The objective is to raise sufficient funds in order to carry out a specific project. There are different types of crowdfunding, such as by donation, pre-selling of products, or securities crowdfunding. This guide discusses securities crowdfunding.

Securities crowdfunding

With securities crowdfunding, a business raises funds through the Internet by issuing securities (such as bonds or shares) to many people.

In Canada, all trading of securities is subject to legal obligations. For example, a business seeking to raise capital by issuing securities must file a prospectus with the securities regulator of their province or territory or have an exemption from the prospectus requirement under securities laws.

These obligations, however, can be costly for start-ups, small businesses and other issuers. The securities regulators in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia allow start-ups and small businesses to raise funds using securities crowdfunding without filing a prospectus or preparing financial statements. The securities regulators refer to this as the “**start-up crowdfunding exemptions**” or “**start-up crowdfunding**”.

Top 3 Things to do before investing in a start-up crowdfunding project

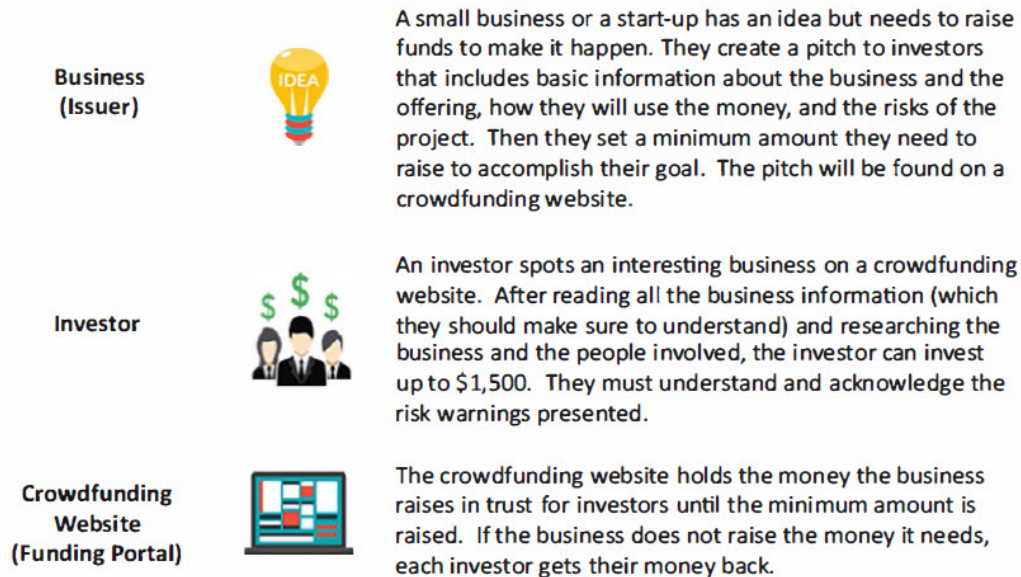
#1 Know the process

#2 Do your homework

#3 Understand the risks

#1 – Know the Process

How Start-up Crowdfunding Works



Start-ups and small businesses (issuers)

The business has an idea but needs to raise funds to make it happen. It must prepare an offering document that includes basic information about the business and the offering, how it will use the money and the risks in investing in the business. The business must state the minimum amount it needs to raise to accomplish its goal. The business must use a crowdfunding website called a funding portal to raise funds this way.

Crowdfunding website (funding portal)

The funding portal posts start-up crowdfunding projects on its website. The funding portal is responsible for

- providing a risk warning form to potential investors;
- holding all investor funds in trust until the business raises the minimum funding target;
- returning funds to investors, without deduction, if the business does not reach its minimum funding target or if the business withdraws its distribution.

There are different types of funding portals allowed to operate. When you enter a funding portal website, you will see a pop-up notice telling you whether the funding portal is operated by a registered dealer or not and whether the funding portal will provide advice to you about the investment or not. You will be asked to acknowledge that you have read this pop-up notice before entering the funding portal website. If you are on a website where the funding portal provides advice, it must determine if the investment is suitable for you. If you are on a website where the funding portal does not provide advice, you must decide for yourself if the investment is right for you.

Investor (you)

You, the investor, spot an interesting business on a funding portal website. After reading the business' offering document and doing your homework, you may decide to invest an amount up to \$1,500. Before you complete your investment, the funding portal will ask you to confirm that you understand the risks and have read and understood the business' offering document. You have 48 hours after your investment to change your mind and get your money back.

#2 Do your homework

Before investing, you should:

- Read the start-up crowdfunding offering document posted on the funding portal. It contains basic information about the business' activities, its management, its financial condition, the amount it wants to raise, how the money raised will be used and the risks. **The securities regulators have not reviewed or approved the offering document. It is your responsibility to understand the information in the offering document.**
- Search the Internet for information on the business, its industry and the people operating its business. Be skeptical of company documents claiming that these people held certain positions elsewhere if specific details are not included. Check their background to see if they were ever disciplined for bad business practices. You can contact the business and the funding portal for further information.
- The business may also raise funds at the same time other than through start-up crowdfunding. Those investors may receive more or less information than what you are provided in the start-up crowdfunding offering document.

- You can ask the business about any previous successes or failures it may have had trying to raise funds in the past. The start-up offering document must disclose whether that business had any previous start-up crowdfunding distributions and whether they were successful or not. However, businesses are not required to report any failed or withdrawn offerings if they raised funds in another way.
- If the business gives you financial statements, **you should know that those financial statements have not been provided to or reviewed by securities regulators and they are not part of the offering document.** You should ask the business whether the financial statements have been audited and which accounting standards were used to prepare the financial statements. Do the financial statements include a balance sheet, income statement, statement of changes in financial position and detailed supporting notes?
- Consider their business plan. How is the business going to grow? How will it make money and within what period? Watch for unsupportable claims about the business' future success.
- Consider how you will receive a return on your investment. What type of securities is the business going to give you in exchange for your investment? The securities must be described in the offering document. If the business is offering debt securities, consider when the business intends to pay you back. If the business is offering equity securities, such as common shares, read the rights attached to these securities described in the offering document.
- Review all documents relating to your investment. There may be other rights and restrictions about the investment detailed in the business shareholder's agreement or other agreements.
- Think carefully about your risk tolerance and what you can afford to lose if the investment doesn't turn out as expected. Consider the *cons* before you consider the *pros*.
- Ask the business any other questions you may have. The offering document will provide contact information for someone at the business who is able to answer your questions.

#3 Understand the risks

To make an informed decision, you must have a good understanding of the risks related to the start-up crowdfunding offering. These include:

- Securities of start-ups or small businesses are risky. Statistics show that a high percentage of start-ups and small businesses fail. You could lose the entire amount you paid for your investment.
- What is your risk tolerance? If your risk tolerance is low, an investment in a start-up or small business may not be suitable for you.
- What do you know about the individuals operating the business? Do they have the knowledge and experience required to manage it? Businesses are sometimes managed by inexperienced individuals. Find out more about the individuals operating the business before investing.
- Do you have the resources to be patient? If you think you will have to resell your securities in the short term, this type of investment may not be suitable for you. Securities purchased through start-up crowdfunding offerings are not publicly traded. You may have to wait indefinitely before reselling the securities or you may not be able to resell them at all.
- A great deal of information and analysis is available about public corporations. This is not the case for start-ups and small businesses. Unlike reporting issuers (such as companies listed on an exchange), start-ups and small business are not required to file audited financial statements or other periodic disclosure. You may receive much less information about the business before or after you invest. Start-ups or small businesses do not usually attract much media coverage.
- Once you have made the investment, the start-up or small business will not generally have any obligation to provide you with updates (such as an annual report). You will have to track your investment on your own.

If you are willing to take risks and invest in a start-up or small business, you may want to consider investing in a business that operates in a sector you know well. You may be in a better position to assess its likelihood of success.

The start-up crowdfunding process – an example

Oliver has heard about start-up crowdfunding. He goes to ABC Funding Portal's website and sees a pop-up notice that says ABC Funding Portal is not registered. He checks the names of their management and does some research to see if they have ever been disciplined for bad business practices.

After satisfying himself that ABC Funding Portal is on the up and up, Oliver browses through the start-up crowdfunding projects listed on its website. He comes across Valerie's Maple Cola Company. Valerie wants to raise \$75,000 to market and bottle soft drinks flavoured with maple syrup and other local products. Oliver thinks the investment looks interesting.

Oliver reads Valerie's Maple Cola Company's start-up crowdfunding offering document carefully, particularly the section that warns of the risks of this investment. Oliver does some additional research on Valerie's Maple Cola Company, Valerie herself as well as the rest of her management team, and the beverage manufacturing business.

Oliver decides he wants to invest \$750 in Valerie's Maple Cola Company. He reviews the risk warning on ABC Funding Portal website. He confirms, by ticking a box, that he has read the offering document and understands the risks he is taking. He pays for the investment using his credit card.

ABC Funding Portal holds Oliver's money in trust until Valerie raises at least \$75,000. If Valerie doesn't raise her \$75,000 target, ABC Funding Portal must return Oliver's money to him, without any deductions.

But if Valerie successfully raises \$75,000, she can proceed to complete the start-up crowdfunding offering. Oliver is now a shareholder of Valerie's Maple Cola Company. Upon completion of the offering, Oliver receives a confirmation setting out the number of the common shares he purchased and how much he paid.

There is no guarantee as to the future value of Oliver's investment. Oliver will have to hold onto these securities for an indefinite period or even be unable to resell them at all.

Frequently asked questions about start-up crowdfunding

Where can I find start-up crowdfunding offerings?

You will find start-up crowdfunding offerings posted on the websites of funding portals. Before a funding portal can operate in any Canadian jurisdiction, it must meet certain conditions such as delivering mandatory documents to the securities regulator in that jurisdiction.

Should I get investment advice?

You get to decide which funding portal websites that you want to visit to look at current postings. When you enter a funding portal website, a pop-up notice will inform you whether you will be provided advice or not.

If you want investment advice, you may want to only look at those funding portals that are operated by registered dealer such as investment dealers or exempt market dealers.

If you are on a website where the funding portal does not provide advice then you must be prepared to make your own investment decision.

To check if the funding portal is operated by a registered dealer, go to www.aretheyregistered.ca.

What will I get in return for investing in a start-up crowdfunding project?

With securities crowdfunding, investors receive securities in exchange for their investment. This is different than other types of crowdfunding, where you may get a product. Start-up crowdfunding is restricted to particular types of securities: debt securities, such as bonds; equity securities, such as common shares or preference shares; limited partnership units; and convertible securities, such as warrants, that are convertible into either common shares or preference shares.

The offering document must describe the type of security you will receive in exchange for your investment.

What if I change my mind?

Once you have committed to purchasing securities:

- You may withdraw your investment within 48 hours of subscription if you no longer wish to invest, or

- If the business amends the offering document, you will also have the right to withdraw your investment within 48 hours of the funding portal notifying you that the offering document has been amended.

In either case, you must notify the funding portal that you wish to withdraw before the end of this 48 hour period. After receiving your notification, the funding portal will return your funds to you within 5 business days.

Published May 14, 2015. Revised February 24, 2016 and June 30, 2016.

Questions:

Refer any questions to the following participating jurisdictions:

British Columbia	British Columbia Securities Commission Telephone: 604-899-6854 Toll free in Canada: 1-800-373-6393 www.bcsc.bc.ca
Saskatchewan	Financial and Consumer Affairs Authority of Saskatchewan Securities Division Telephone: 306-787-5645 www.fcaa.gov.sk.ca
Manitoba	The Manitoba Securities Commission Telephone: 204-945-2548 Toll free in Manitoba: 1-800-655-2548 www.mbsecurities.ca
Québec	Autorité des marchés financiers Direction du financement des sociétés Telephone: 514-395-0337 Toll free in Québec: 1-877-525-0337 www.lautorite.qc.ca
New Brunswick	Financial and Consumer Services Commission Toll free: 1-866-933-2222 www.fcnb.ca
Nova Scotia	Nova Scotia Securities Commission Telephone: 902-424-7768 Toll free in Nova Scotia: 1-855-424-2499 nssc.novascotia.ca

Start-up Crowdfunding Guide for Funding Portals

Crowdfunding is a process through which an individual or a business can raise small amounts of money from a large number of people, typically through the Internet. The objective is to raise sufficient funds in order to carry out a specific project. There are different types of crowdfunding, such as by donation, or pre-selling of products, and securities crowdfunding. This guide discusses securities crowdfunding.

Securities crowdfunding – legal obligations

In Canada, all trading of securities is subject to legal obligations. For example, a person cannot be in the business of trading securities unless the person is registered in the province or territory where it is carrying on this business or has an exemption from the registration requirement under securities laws. Similarly, a business seeking to raise capital by issuing securities must file a prospectus with the securities regulator of their province or territory or have an exemption from the prospectus requirements under securities laws.

These obligations, however, can be costly for start-ups and early stage issuers. The securities regulators in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia (the **participating jurisdictions**) have made available registration and prospectus exemptions to facilitate securities crowdfunding to help make it easier for start-ups and early-stage businesses to raise money by issuing securities. The securities regulators refer to this as the “**start-up crowdfunding exemptions**” or “**start-up crowdfunding**”.

The start-up crowdfunding exemptions allow:

- a start-up or early stage issuer to raise relatively small amounts of capital by distributing securities to investors without filing a prospectus (**start-up prospectus exemption**);
- a funding portal to facilitate trades of those securities without having to register as a dealer (the **start-up registration exemption**), although a funding portal can be operated by a registered dealer.

Start-ups and early stage issuers intending to conduct a start-up crowdfunding offering must use a funding portal. A funding portal lists investment opportunities and facilitates the payment of the purchase price from the investor to the issuer.

The purpose of this guide is to assist funding portals. In this guide, “**regulator**” means the securities regulator or regulatory authority in a participating jurisdiction.

There are different types of funding portals that may facilitate start-up crowdfunding:

- funding portals operated by persons or companies relying on the start-up registration exemption that are not registered under Canadian securities legislation and cannot give advice about the suitability of any security or about the merits of any investment;
- funding portals operated by a registered investment dealer, exempt market dealer or restricted dealer under Canadian securities legislation that are required to provide advice about the suitability of the security;
- funding portals operated by a registered dealer under Canadian securities legislation and subject to the terms and conditions of their registration that cannot give advice about the suitability of any investment. An example of this type of funding portal would be one operated by a restricted dealer subject to the terms and conditions of Multilateral Instrument 45-108 *Crowdfunding* (MI 45-108). Please note this MI 45-108 restricted dealer is not allowed to operate in BC.

For additional information on MI 45-108, please refer to MI 45-108 and its Companion Policy.

Funding portals operating under the start-up registration exemption

A person operating a funding portal does not have to register as a dealer if they meet all conditions of the start-up registration exemption. These conditions include, among other things, that the funding portal must:

- have its head office in Canada;
- have a majority of its directors be Canadian residents;
- not be registered under Canadian securities legislation;
- not tell investors an investment is suitable for them or otherwise discuss the merits of an investment:
 - this means the funding portal cannot tell an investor that the securities offered are a good investment or that the investor should make an investment for whatever reason. The funding portal must refrain from saying or doing anything that might lead an investor to think that they should buy the securities because the securities somehow meet their investment needs or objectives,

- however, the funding portal can give factual information about the securities. For example, it may tell investors about the features of the securities, the risks of the investment, how start-up crowdfunding works, and other items of a general, factual nature;
- must make available the issuers' offering documents and risk warnings on its website:
 - a funding portal can carry out reviews of issuers before making their offering documents available on its website to protect the funding portal's own interests or reputation,
 - funding portals may want to be mindful that their website could be used in ways not intended. For example, peer-to-peer messaging systems on a funding portal's website might be used by the funding portal's visitors to solicit the purchase and sale of others securities without the portal's knowledge. This may result in the funding portal indirectly facilitating illegal securities distributions;
- ensure that investors confirm online, by ticking a box, that they have read and understood the offering document and risk warning available on the funding portal;
- take reasonable measures to ensure that the head office of each issuer using the funding portal is in a participating jurisdiction and that each investor is a resident of a participating jurisdiction;
- not allow entry to its website to any person until that person acknowledges that they are entering a website of a funding portal:
 - that is not operated by a registered dealer, under Canadian securities legislation, and
 - that will not provide advice about the suitability advice of any security or about the merits of any investment;

the regulators call this the "**pop-up acknowledgement**". For further explanation on the mechanics of this, please see the section in this guide called *Pop-up Acknowledgement*;

- not receive a commission or fee from an investor;
- discloses on its website:

- the full legal name, municipality and jurisdiction of residence, business mailing and e-mail address, and business telephone number of each promoter,¹ director, officer and control person² (**principal**) of the funding portal, and
- the names of the participating jurisdictions where the funding portal is operating and relying on the start-up registration exemption:
 - each of the participating jurisdictions has their own Start-up Crowdfunding Registration and Prospectus Exemptions order (**blanket order**). Each blanket order is substantially harmonized with the other participating jurisdictions. However, the funding portal must ensure that they are in compliance with the blanket order in each participating jurisdiction where they are operating. Please check the applicable blanket order which can be found on the regulator's website;

The regulators expect that these disclosures would be prominently displayed on the funding portal's website;

- hold investors' assets separate from the funding portal's property, in trust for the investor and, in the case of cash, at a Canadian financial institution:
 - this requirement is a fundamental obligation of the start-up registration exemption,
 - funding portals are required to provide the regulators with details on the process and procedure for handling all funds in relation to the start-up crowdfunding distribution at the initial stage, and during future compliance reviews;

The funding portal must maintain books and records to demonstrate to the regulator that this obligation is followed closely. A funding portal found to be non-compliant with this condition may no longer be able to rely on the start-up registration exemption and may be required to become a registered dealer;

¹ A person who founded, organized or significantly reorganized the funding portal is generally considered to be a promoter.

² A person who holds a sufficient number of voting rights to control the funding portal or who holds 20% or more of the voting rights of the funding portal is generally considered a control person of the funding portal.

- keep its books and records, including its compliance procedures, at its head office for eight years from the date a record is created; and
- not facilitate the distribution of securities to purchasers under prospectus exemptions other than the start-up prospectus exemption.

Before starting operations

Step one

A funding portal intending to rely on the start-up registration exemption must deliver the following forms to regulators:

- a completed Form 3 – *Start-up Crowdfunding - Funding Portal Information Form*;
- a completed Form 4 – *Start-up Crowdfunding - Funding Portal - Individual Information Form* for each principal of the funding portal; and
- other completed documents and any additional information that may be requested by the regulators.

Submitting the following documents to the regulators with Form 3 may help expedite the process:

- business plans and financial statements, if the funding portal intends to facilitate start-up crowdfunding distributions in Québec;
- organizing documents such as articles and certificate of incorporation or partnership agreement if the funding portal intends to facilitate start-up crowdfunding distributions in Saskatchewan, Manitoba, Québec, or Nova Scotia;
- business registration numbers and proof of extra-provincial registration if the funding portal intends to facilitate start-up crowdfunding distributions in Saskatchewan, Manitoba, Québec, or Nova Scotia;
- documents describing the funding portal's process and procedure for handling investors' funds, including the following details:
 - the name of the Canadian financial institution where the trust account for investors' cash is located,
 - the name of the signatories on that trust account and their role with the funding portal,
 - how the investors' assets will be kept separate and apart from the funding portal's assets,

- how the cash will flow from: (i) the investors to the funding portal's trust account; (ii) from the funding portal's trust account back to the investors' bank accounts in the event that the offering does not close; and (iii) from the funding portal's trust account to the issuer in the event that the offering does close;
- a copy of the trust agreement for the funding portal's trust account with a Canadian financial institution or details surrounding the establishment of this account; and
- provide the regulators access to the funding portal's website in a test environment when complete and ready for viewing.

The funding portal must deliver the forms and documents by e-mail to the regulator in each participating jurisdiction where the funding portal intends to facilitate start-up crowdfunding distributions. For example, a funding portal with a head office in Saskatchewan that intends to seek funds from investors in all participating jurisdictions must deliver the forms and documents described in this guide to the Financial and Consumer Affairs Authority of Saskatchewan and the regulators in each of the other participating jurisdictions. In such a case, it is suggested the funding portal e-mail each regulator involved at the same time.

Delivery of the forms and documents by the funding portal is only the first step and does not mean that funding portal can start operations. The regulators may have questions for the funding portal regarding these forms and documents.

Step two

Before starting operations, the funding portal must receive written confirmation from the regulator that the forms and documents delivered to the regulator in step one are complete.

Please note that the regulator may notify the funding portal that it cannot use the start-up registration exemption because its principals, or their past conduct, demonstrate a lack of integrity, financial responsibility or relevant knowledge or expertise.

Changes affecting information in forms or documents

If a change occurs and the information in the forms and documents delivered to a regulator are no longer up-to-date, the funding portal must update the information by delivering a new form or document setting out the change. For example, if management at a funding portal changes, an updated funding portal information form

as well as a funding portal individual information form for each new principal must be delivered to the regulators.

Compliance with laws and regulations

The funding portal's activities are subject to the securities laws of the jurisdictions where its head office or other places of business are located, as well as the jurisdictions where the issuers and purchasers are resident.

If a funding portal intending to rely on the start-up registration exemption has its head office located in a jurisdiction where that exemption is not available then the funding portal may be required to be registered as a dealer. For example, an Ontario resident intending to operate a funding portal may have to register as a dealer with the Ontario Securities Commission even though the funding portal is not soliciting issuers or investors from that province. Once registered as a dealer in any jurisdiction then the start-up registration exemption is no longer available (see later section on *Funding portals operated by registered dealers*).

Failing to comply with local securities laws is a serious offence that could prevent the funding portal from being able to rely on the start-up registration exemption. The funding portal must also ensure that it complies with all other applicable laws and regulations of a participating jurisdiction. We encourage funding portals to consult a lawyer for advice.

Regulators in the participating jurisdictions plan to conduct compliance reviews of funding portals relying on the start-up registration exemption soon after the commencement of operations. If a funding portal does not meet the conditions of the start-up registration exemption, then it can no longer rely on that registration exemption and may be required to become a registered dealer.

"Pop-up" Acknowledgement

The start-up crowdfunding exemptions require investors to acknowledge certain information before entering the website of a funding portal. This requirement does not distinguish between where or how the investor enters the funding portal's website. As a result, funding portals must design their website so that purchasers acknowledge the required information regardless of whether those purchasers enter the website through the funding portal's home page or through another page on the funding portal's website.

The funding portal should also manage the risk that potential purchasers are visiting the funding portal's website using a shared computer, tablet, or other mobile device. In

other words, multiple people in a household may be entering the funding portal's website at different times using the same device. As a result, in order to comply with the pop-up acknowledgment requirements, the funding portal should consider designing their website so that the required pop-up acknowledgements reappear each time the investor's internet browser is closed and re-opened.

The mechanics of the pop-up acknowledgement:

The pop-up acknowledgement appears upon the first and every subsequent time a person enters a funding portal's website. This means that after opening their internet browser regardless of which one (Internet Explorer, Chrome or any other internet browser):

- (a) If a person lands on any page of a funding portal's website (home page or other page) the pop-up acknowledgment appears.
- (b) If the person clicks "I acknowledge" and then immediately closes out of the website, when the person goes back to any page on a funding portal's website, the pop-up acknowledgment appears. The result is that the same person will have to click on "I acknowledge" to go back into the funding portal's website regardless of the fact that they had just been to that website.

The pop-up acknowledgement appears regardless of a person's entry point to the website (home page or other page). For example:

- (c) If a person were to search the name of the funding portal and found a link to the funding portal's website, the link would take the person to the funding portal's website home page and a pop-up acknowledgement appears.
- (d) If a person were to search name of the funding portal and found the web page link to the funding portal's issuer offering page, the link would take the person to that page of the funding portal's website and a pop-up acknowledgement appears.

Once this person clicks "I acknowledge" and enters the funding portal's website, they can navigate from page to page within the website without the re-appearance of the pop-up acknowledgement.

Funding portals operated by registered dealers

Registered exempt market dealers, investment dealers and restricted dealers are allowed to operate start-up funding portals. Registered dealers that operate funding portals must:

- meet their existing registration obligations under securities legislation (such as the know-your-client, know-your-product and suitability obligations owed to investors);
- confirm to issuers that the funding portal meets certain of the conditions in the start-up prospectus exemption, such as making an offering document and risk warning available to investors on the funding portal’s website
- prompt any person entering the funding portal’s website to acknowledge that they are entering a website of a funding portal:
 - that is operated by an investment dealer, exempt market dealer or restricted dealer as applicable, and
 - that will provide suitability advice if required to do so under securities legislation, or
 - that will not provide suitability advice if not required to do so (for example as in the case of a restricted dealer operating under the terms and conditions under MI 45-108);

The regulators call this the “**pop-up acknowledgement**”. For further explanation on the mechanics of this please see the above section called *Pop-up Acknowledgement*;

- file either a completed Form 33-109F5 *Change of Registration Information*, or Form 33-109F6 *Firm Registration* that describes its business as including operating a funding portal under the start-up crowdfunding exemptions. The funding portal must disclose all fees charged to investors in accordance with relationship disclosure requirements under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

How does start-up crowdfunding work?

Issuers are responsible for preparing an offering document that complies with the prescribed form. In particular, issuers must indicate the minimum amount necessary to close a start-up crowdfunding distribution. Issuers will provide the offering document to the funding portal to post online. The funding portal must take reasonable measures to ensure that the issuer is a resident of a participating jurisdiction where the offering document is made available. Investors will read the offering document and decide whether or not to invest.

Before accepting an investment, a funding portal must obtain confirmation from the investor that he or she has read and understood the offering document and the risks described in the risk acknowledgement form. A funding portal must obtain the purchaser's personal information and take reasonable measures to ensure the purchaser resides in a participating jurisdiction.

An issuer cannot close a distribution if it has not raised the minimum amount set out in its offering document and before each purchaser's right to withdraw has expired. At the closing:

- the issuer issues shares or other eligible securities to purchasers;
- the funding portal releases funds to the issuer.

No later than 15 days following the closing of the distribution, the funding portal must notify purchasers that the funds have been released to the issuer, and it must provide the issuer with purchaser information such as:

- full name;
- address;
- telephone number;
- e-mail address;
- number of securities purchased; and
- total purchase price.

The issuer requires this investor information in order to complete a report of exempt distribution. When providing investor information to the issuer, we encourage the funding portal to use this same spreadsheet that the issuer is required to use for filing. Please refer to the *Start-up Crowdfunding Guide for Businesses* for more information on the issuer's filing requirements.

If the issuer withdraws its start-up crowdfunding offering or does not raise the minimum amount within 90 days after the funding portal posts the offering document online, all the funds must be returned in full to investors within 5 business days. No deductions are permitted. The funding portal must also send a notice to the issuer and each investor confirming that the funds have been returned to investors.

The funding portal may send notices to investors and issuers by e-mail.

Related-party restriction

A funding portal cannot act in a start-up crowdfunding distribution if one of its principals is also a principal of the issuer group. The issuer group means the issuer, an affiliate of the issuer, and any other issuer that is engaged in a common enterprise with the issuer or an affiliate, or whose business is founded or organized by the same person or company who founded or organized the issuer.

Investor's right to withdraw

Investors have the right to withdraw their investment within 48 hours following the investor's subscription. Investors also have the right to withdraw their investment within 48 hours of the funding portal notifying the investor of an amendment to the offering document.

To exercise this right of withdrawal, an investor must notify the funding portal. The funding portal must give investors the opportunity to exercise this right. The funding portal must return the funds to an investor who exercises this right, without any deduction, within 5 business days after the notice.

Amendments to the offering document

An issuer must amend its offering document after it has been posted online if the information it contains is no longer true. This could be the case if, for example, an issuer wants to change the price of the securities or the minimum or maximum offering amount. The issuer must send the amended version to the funding portal for posting on the funding portal's website. The funding portal must notify investors about the amendment.

Issuer's financial statements

Under the start-up prospectus exemption, issuers are not required to provide financial statements to investors with the offering document.

If an issuer wants to make its financial statements available to investors, it can place a hyperlink on the funding portal leading to the financial statements. However, the hyperlink must not appear in the offering document. Financial statements do not form a part of the offering document.

Published May 2015. Revised February 24, 2016 and June 30, 2016.

Questions:

Refer any questions to the following participating jurisdictions:

British Columbia	British Columbia Securities Commission Telephone: 604-899-6854 Toll free in Canada: 1-800-373-6393 E-mail: portal@bcsc.bc.ca www.bcsc.bc.ca
Saskatchewan	Financial and Consumer Affairs Authority of Saskatchewan Securities Division Telephone: 306-787-5645 E-mail: registrationfcaa@gov.sk.ca www.fcaa.gov.sk.ca
Manitoba	The Manitoba Securities Commission Telephone: 204-945-2548 Toll free in Manitoba: 1-800-655-2548 E-mail: exemptions.msc@gov.mb.ca www.mbsecurities.ca
Québec	Autorité des marchés financiers Direction du financement des sociétés Telephone: 514-395-0337 Toll free in Québec: 1-877-525-0337 E-mail: financement-participatif@lautorite.qc.ca www.lautorite.qc.ca
New Brunswick	Financial and Consumer Services Commission Toll free: 1-866-933-2222 E-mail: emf-md@fcnb.ca www.fcnb.ca
Nova Scotia	Nova Scotia Securities Commission Telephone: 902-424-7768 Toll free in Nova Scotia: 1-855-424-2499 E-mail: nssc.crowdfunding@novascotia.ca nssc.novascotia.ca

Start-up Crowdfunding Registration and Prospectus Exemptions
Form 1 - Start-up Crowdfunding – Offering Document

GENERAL INSTRUCTIONS:

(1) **Filing Instructions**

An issuer relying on the start-up crowdfunding prospectus exemption is required to file the offering document no later than the 30th day after the closing of the distribution as follows:

- **In all participating jurisdictions (except British Columbia)** – file this form through the System for Electronic Document Analysis and Retrieval (SEDAR) in accordance with National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR).
- **In British Columbia** – through BCSC eServices at <http://www.bcsc.bc.ca>.

This offering document and all amendments must be filed where the issuer has made a start-up crowdfunding distribution, as well as in the participating jurisdiction where the issuer's head office is located.

- (2) *This offering document must be completed and certified by an authorized individual on behalf of the issuer.*
- (3) *Draft this offering document so that it is easy to read and understand. Be concise and use clear, plain language. Avoid technical terms.*
- (4) *Conform as closely as possible to the format set out in this form. Address the items in the order set out below. No variation of headings, numbering or information set out in the form is allowed and all are to be displayed as shown.*
- (5) *This offering document is to be provided to your funding portal which has to make it available on its website. If the information contained in this offering document no longer applies or is no longer true, you must immediately amend the document and send the new version to the funding portal.*
- (6) *For information on how to complete this form and for information relating to the filing of this form, please refer to the Start-up Crowdfunding Guide for Businesses available on the website of the securities regulatory authority or regulator of the participating jurisdictions.*

Item 1: RISKS OF INVESTING

- 1.1 Include the following statement, in bold type:

“No securities regulatory authority or regulator has assessed reviewed or approved the merits of these securities or reviewed this offering document. Any representation to the contrary is an offence. This is a risky investment.”

Item 2: THE ISSUER

2.1 Provide the following information for the issuer:

- (a) Full legal name as it appears in the issuer’s organizing documents,
- (b) Head office address,
- (c) Telephone,
- (d) Fax, and
- (e) Website URL.

2.2 Provide the following information for a contact person of the issuer who is able to answer questions from purchasers and security regulatory authority or regulator:

- (a) Full legal name (first name, middle name and last name),
- (b) Position held with the issuer,
- (c) Business address,
- (d) Business telephone,
- (e) Fax, and
- (f) Business e-mail.

Item 3: BUSINESS OVERVIEW

3.1 Briefly explain, in a few lines, the issuer’s business and why the issuer is raising funds.

Include the following statement, in bold type:

“A more detailed description of the issuer’s business is provided below.”

Item 4: MANAGEMENT

4.1 Provide the information in the following table for each promoter, director, officer and control person of the issuer:

Full legal name municipality of residence and position at issuer	Principal occupation for the last five years	Expertise, education, and experience that is relevant to the issuer’s business	Number and type of securities of the issuer owned	Date securities were acquired and price paid for the securities	Percentage of the issuer’s securities held as of the date of this offering document

- 4.2 State whether each person listed in item 4.1 or the issuer, as the case may be:
- (a) has ever, pled guilty to or been found guilty of:
 - (i) a summary conviction or indictable offence under the *Criminal Code* (R.S.C., 1985, c. C-46) of Canada,
 - (ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction,
 - (iii) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory therein, or
 - (iv) an offence under the criminal legislation of any other foreign jurisdiction,
 - (b) is or has been the subject of an order (cease trade or otherwise), judgment, decree, sanction, or administrative penalty imposed by a government agency, administrative agency, self-regulatory organization, civil court, or administrative court of Canada or a foreign jurisdiction in the last ten years related to his or her involvement in any type of business, securities, insurance or banking activity,
 - (c) is or has been the subject of a bankruptcy or insolvency proceeding,
 - (d) is a director or executive officer of an issuer that is or has been subject to a proceeding described in paragraphs (a), (b) or (c) above.

Item 5: START-UP CROWDFUNDING DISTRIBUTION

- 5.1 Provide the name of the funding portal the issuer is using to conduct its start-up crowdfunding distribution.
- 5.2 List the name of all the participating jurisdictions (Canadian province or territory) where the issuer intends to raise funds and make this offering document available.
- 5.3 Provide the following information with respect to the start-up crowdfunding distribution:
- (a) the date before which the issuer must have raised the minimum offering amount for the closing of the distribution (no later than 90 days after the date this offering document is made available on the funding portal), and
 - (b) the date(s) and description of any amendment(s) made to this offering document, if any.
- 5.4 Indicate the type of eligible securities offered.
- 5.5 The eligible securities offered provide the following rights (choose all that apply):
- Voting rights,
 - Dividends or interests (describe any right to receive dividends or interest),
 - Rights on dissolution,
 - Conversion rights (describe what each security is convertible into),
 - Other (describe the rights).

5.6 Provide a brief summary of any other material restrictions or conditions that attach to the eligible securities being offered, such as tag-along, drag along or pre-emptive rights.

5.7 In a table, provide the following information:

	Total amount (\$)	Total number of eligible securities issuable
Minimum offering amount		
Maximum offering amount		
Price per eligible security		

5.8 Indicate the minimum investment amount per purchaser, if any.

5.9 Include the following statement, in bold type:

“Note: The minimum offering amount stated in this offering document may be satisfied with funds that are unconditionally available to [insert name of issuer] that are raised by concurrent distributions using other prospectus exemptions without having to amend this offering document.”

Item 6: ISSUER’S BUSINESS

6.1 Describe the issuer’s business. Provide details about the issuer’s industry and operations.

6.2 Describe the legal structure of the issuer and indicate the jurisdiction where the issuer is incorporated or organized.

6.3 Indicate where the issuer’s articles of incorporation, limited partnership agreement, shareholder agreement or similar document are available to purchasers.

6.4 Indicate which statement(s) best describe the issuer’s operations (select all that apply):

- Has never conducted operations,
- Is in the development stage,
- Is currently conducting operations,
- Has shown profit in the last financial year.

6.5 Indicate whether the issuer has financial statements available. If yes, include the following statement, in bold type:

“Information for purchasers: If you receive financial statements from an issuer conducting a start-up crowdfunding distribution, you should know that those financial statements have not been provided to or reviewed by a securities regulatory authority or regulator. They are not part of this offering

document. You should ask the issuer which accounting standards were used to prepare the financial statements and whether the financial statements have been audited. You should also consider seeking advice of an accountant or an independent financial adviser about the information in the financial statements.”

6.6 Describe the number and type of securities of the issuer outstanding as at the date of the offering document. If there are securities outstanding other than the eligible securities being offered, describe those securities.

Item 7: USE OF FUNDS

7.1 Provide information on all funds previously raised and how they were used by the issuer.

7.2 Using the following table, provide a detailed breakdown of how the issuer will use the funds from this start-up crowdfunding distribution. If any of the funds will be paid directly or indirectly to a promoter, director, officer or control person of the issuer, disclose in a note to the table the name of the person, the relationship to the issuer and the amount. If more than 10% of the available funds will be used by the issuer to pay debt and the issuer incurred the debt within the two preceding financial years, describe why the debt was incurred.

Description of intended use of funds listed in order or priority	Total amount (\$)	
	Assuming minimum offering amount	Assuming maximum offering amount

Item 8: PREVIOUS START-UP CROWDFUNDING DISTRIBUTIONS

8.1 For each start-up crowdfunding distribution in which the issuer and each promoter, director, officer and control person of the issuer have been involved in any of the participating jurisdictions in the past five years, provide the information below:

- (a) the full legal name of the issuer that made the distribution,
- (b) the name of the funding portal, and
- (c) whether the distribution successfully closed, was withdrawn by the issuer or did not close because the minimum offering amount was not reached and the date on which any of these occurred.

Item 9: COMPENSATION PAID TO FUNDING PORTAL

- 9.1 Describe the commission, fee and any other amounts expected to be paid by the issuer to the funding portal for this start-up crowdfunding distribution.

Item 10: RISK FACTORS

- 10.1 Describe in order of importance, starting with the most important, the main risks of investing in the issuer's business for the purchasers.

Item 11: REPORTING OBLIGATIONS

- 11.1 Describe the nature and frequency of any disclosure of information the issuer intends to provide to purchasers after the closing of the distribution and explain how purchasers can access this information.

Item 12: RESALE RESTRICTIONS

- 12.1 Include the following statement, in bold type:

"The securities you are purchasing are subject to a resale restriction. You may never be able to resell the securities."

Item 13: PURCHASERS' RIGHTS

- 13.1 Include the following statement, in bold type:

"If you purchase these securities, your rights may be limited and you will not have the same rights that are attached to a prospectus under applicable securities legislation. For information about your rights you should consult a lawyer.

You can cancel your agreement to purchase these securities. To do so, you must send a notice to the funding portal within 48 hours of your subscription. If there is an amendment to this offering document, you can cancel your agreement to purchase these securities by sending a notice to the funding portal within 48 hours of receiving notice of the amendment.

The offering of securities described in this offering document is made pursuant to a start-up crowdfunding registration and prospectus exemptions order issued by the securities regulatory authority or regulator in each participating jurisdiction exempting the issuer from the prospectus requirement.

[If the funding portal is not operated by a registered dealer in any of the participating jurisdictions where you intend to raise funds, add the phrase "and the funding portal from the registration requirement" after the words "prospectus requirement" in the above paragraph]."

Item 14: DATE AND CERTIFICATE

14.1 Include the following statement, in bold type:

“On behalf of the issuer, I certify that the statements made in this offering document are true.”

14.2 Provide the signature, date of the signature, name and position of the authorized individual certifying this offering document.

14.3 If this offering document is signed electronically, include the following statement, in bold type:

“I acknowledge that I am signing this offering document electronically and agree that this is the legal equivalent of my handwritten signature. I will not at any time in the future claim that my electronic signature is not legally binding.”

Questions:

Refer any questions to the following participating jurisdictions:

British Columbia	British Columbia Securities Commission P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1L2 Telephone: 604-899-6854 Toll free in Canada: 1-800-373-6393 Facsimile: 604-899-6581 E-mail: inquiries@bcsc.bc.ca www.bcsc.bc.ca
Saskatchewan	Financial and Consumer Affairs Authority of Saskatchewan Securities Division Suite 601 – 1919 Saskatchewan Drive Regina, Saskatchewan S4P 4H2 Telephone: 306-787-5645 Fax: 306-787-5842 E-mail: exemptions@gov.sk.ca www.fcaa.gov.sk.ca
Manitoba	The Manitoba Securities Commission 500 – 400 St Mary Avenue Winnipeg, Manitoba R3C 4K5 Telephone: 204-945-2548 Toll free in Manitoba: 1-800-655-2548 Fax: 204-945-0330 E-mail: exemptions.msc@gov.mb.ca www.mbsecurities.ca
Québec	Autorité des marchés financiers Direction du financement des sociétés 800, rue du Square-Victoria, 22nd floor P.O. Box 246, Tour de la Bourse Montréal, Québec H4Z 1G3 Telephone: 514-395-0337 Toll free in Québec: 1-877-525-0337 Fax: 514-873-3090 E-mail: financement-participatif@lautorite.qc.ca www.lautorite.qc.ca
New Brunswick	Financial and Consumer Services Commission 85 Charlotte Street, Suite 300 Saint John, New Brunswick E2L 2J2 Toll free: 1-866-933-2222 Fax: 506-658-3059 E-mail: emf-md@fcnb.ca www.fcnb.ca
Nova Scotia	Nova Scotia Securities Commission Suite 400, 5251 Duke Street Halifax, Nova Scotia B3J 1P3 Telephone: 902-424-7768 Toll free in Nova Scotia: 1-855-424-2499 Fax: 902-424-4625 E-mail: nssc.crowdfunding@novascotia.ca nssc.novascotia.ca

Start-up Crowdfunding Registration and Prospectus Exemptions
Form 3 - *Start-up Crowdfunding – Funding Portal Information Form*

GENERAL INSTRUCTIONS:

- (1) *This form must be typed, printed, signed and delivered via e-mail with any attachments and all corresponding Start-up Crowdfunding – Funding Portal – Individual Information Forms to the securities regulatory authority or regulator of each of the participating jurisdictions where the funding portal facilitates or intends to facilitate a start-up crowdfunding distribution at the e-mail address(es) provided on the last page of this form.*
- (2) *This form must be completed and certified by an authorized individual on behalf of the funding portal.*
- (3) *Question 7 and questions 9 to 16: Please check the appropriate space provided. If your answer to any of these questions is “Yes”, you must, in an attachment, provide complete details, including the circumstances, relevant dates, names of the parties involved and final disposition, if known. Responses must consider all time periods.*
- (4) *An attachment in response to any question must be signed and dated by the authorized individual certifying this form.*
- (5) *If a change occurs and the form and documents filed with the securities regulatory authority or regulator are no longer up to date, or the information they contain is no longer true, you must complete a new form setting out the change, and deliver it to the securities regulatory authority or regulator of each applicable participating jurisdiction as soon as practicable.*
- (6) *For funding portal information, please refer to the Start-up Crowdfunding Guide for Funding Portals available on the website of the securities regulatory authority or regulator of the participating jurisdictions.*
- (7) *The securities regulatory authority or regulator to which this form is delivered may request the funding portal to provide supporting documents. Please refer to Start-up Crowdfunding Guide for Funding Portals for examples of supporting documents.*

FUNDING PORTAL INFORMATION

1. Provide the following information regarding the funding portal:
 - (a) Full legal name of the funding portal as it appears on the funding portal’s organizing documents;
 - (b) Name that the funding portal will be operating under;
 - (c) Website URL;
 - (d) Head office address¹;

¹ If the funding portal’s head office is not located in one of the participating jurisdictions, then, unless exemptive relief is obtained, the funding portal may be in violation of the dealer registration requirement in that jurisdiction. Please refer to *Start-up Crowdfunding Guide for Funding Portals* for more information.

- (e) Telephone;
 - (f) Fax; and
 - (g) E-mail address.
2. Provide the following information regarding the contact person for the funding portal:
- (a) Full legal name (first name, middle name and last name);
 - (b) Business address;
 - (c) Telephone;
 - (d) Fax; and
 - (e) E-mail address.
3. Provide the following information regarding each promoter, director, officer and control person of the funding portal. Use an attachment if necessary. Any attachment must be initialed by the authorized individual certifying this form.
- (a) Full legal name (first name, middle name and last name); and
 - (b) Position(s) held.
4. Provide the name of each participating jurisdiction where the funding portal is delivering this form.
5. Provide the date the funding portal expects to begin to facilitate start-up crowdfunding distributions in the participating jurisdictions named in item 4 above.
6. If the funding portal is already relying on start-up crowdfunding registration and prospectus exemptions in any participating jurisdiction, provide the name(s) of the participating jurisdiction(s) and the date the Funding Portal Information Form was delivered to the securities regulatory authority or regulator.
7. Has the funding portal ever been notified by a securities regulatory authority or regulator that it cannot rely on the start-up crowdfunding registration and prospectus exemptions?
- Yes No
- If yes, you must provide details.
8. Describe the legal structure of the funding portal and indicate the jurisdiction where the funding portal is incorporated or organized. Some participating jurisdictions may require additional documents. Please refer to the *Start-up Crowdfunding Guide for Funding Portals* for more information.

CRIMINAL DISCLOSURE

9. Has the funding portal ever been found guilty, pleaded no contest to, or been granted an absolute or conditional discharge from:
- (a) a summary conviction or indictable offence under the *Criminal Code* (R.S.C., 1985, c. C-46) (Canada),

- (b) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction,
- (c) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory therein, or
- (d) an offence under the criminal legislation of any other foreign jurisdiction.

Yes No

If yes, you must provide details.

10. Are there any outstanding or stayed charges against the funding portal alleging a criminal offence that was committed?

Yes No

If yes, you must provide details.

CIVIL DISCLOSURE

11. Has the funding portal ever been the subject of an order, judgment, decree, sanction, or administrative penalty in Canada or a foreign jurisdiction in the last ten years related to its involvement in any type of business, securities, insurance or banking activity?

Yes No

If yes, you must provide details.

12. Are there currently any outstanding civil actions alleging fraud, theft, deceit, misrepresentation, or similar misconduct against the funding portal?

Yes No

If yes, you must provide details.

13. Has the funding portal ever been a defendant or respondent in any civil proceeding in which fraud, theft, deceit, misrepresentation, or similar misconduct is, or was, successfully established in a judgement?

Yes No

If yes, you must provide details.

FINANCIAL DISCLOSURE

14. Has the funding portal ever had a petition in bankruptcy issued or made a voluntary assignment in bankruptcy or any similar proceeding?

Yes No

If yes, you must provide details.

15. Has the funding portal made a proposal under any legislation relating to bankruptcy or insolvency or any similar proceeding?

Yes No

If yes, you must provide details.

16. Has the funding portal ever been subject to, or initiated any proceedings, arrangement or compromise with creditors? This includes having a receiver, receiver-manager, administrator or trustee appointed by or at the request of creditors, privately, through court process or by order of a regulatory authority, to hold funding portal assets.

Yes No

If yes, you must provide details.

17. Provide details on the process and procedure for handling all funds in relation to the start-up crowdfunding distribution in a designated trust account at a Canadian financial institution, including:

- (a) the name of the Canadian financial institution the funding portal will use;
- (b) the names of the signatories on this account and their role with the funding portal;
- (c) details of how the funds held in this account will be separate and apart from the funding portal's own property;
- (d) a copy of the trust agreement, or details surrounding the establishment of this account. If the funding portal does not have a trust agreement or an account, please explain;
- (e) details regarding how funds will flow:
 - i. from purchasers to the funding portal's account;
 - ii. from the funding portal's account to the issuer in the event that the start-up crowdfunding distribution closes; and
 - iii. from the funding portal's account back to the purchasers in the event that the start-up crowdfunding distribution does not close or the purchaser has exercised their right of withdrawal.

FUNDING PORTAL WEBSITE

18. Provide access to the funding portal's website in a test environment when complete and ready for viewing.

COLLECTION AND USE OF INFORMATION

The information required under this form is collected, used and disclosed by the securities regulatory authority or, where applicable, regulator of the participating jurisdictions under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

By submitting this form, the funding portal:

- acknowledges that the securities regulatory authority or regulator may collect personal information about the individuals referred to in this form or information about the funding portal,

- confirms that the individuals referred to in this form have been notified that their personal information is disclosed on this form, the legal reason for doing so, how it will be used and who to contact for more information, and
- consents to the posting on the website of the securities regulatory authority or regulator of:
 - i. the name that the funding portal will be operating under,
 - ii. the website address for the funding portal, and
 - iii. that the funding portal is relying on a dealer registration exemption.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or regulator in any participating jurisdiction in which this form is delivered. Contact information is listed at the end of this form.

CERTIFICATION

By signing this form, the funding portal undertakes:

- to comply with all of the applicable conditions set out in the start-up crowdfunding registration and prospectus exemptions of each participating jurisdiction where this form is delivered, and
- to provide upon request to the securities regulatory authority or regulator of a participating jurisdiction access to the books and records maintained at its head office in accordance with the start-up crowdfunding registration and prospectus exemptions.

On behalf of the funding portal, I certify that the statements made in this form are true and complete.

Full legal name of funding portal:

Signature of authorized individual:

Date:

Print name of authorized individual:

Position held:

Telephone:

E-mail:

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS FORM

Deliver by e-mail to the securities regulatory authority or regulator of each applicable participating jurisdiction:

British Columbia	British Columbia Securities Commission P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1L2 Telephone: 604-899-6854 Toll free in Canada: 1-800-373-6393 E-mail: portal@bcsc.bc.ca www.bcsc.bc.ca
Saskatchewan	Financial and Consumer Affairs Authority of Saskatchewan Securities Division Suite 601 – 1919 Saskatchewan Drive Regina, Saskatchewan S4P 4H2 Telephone: 306-787-5645 E-mail: registrationfcaa@gov.sk.ca www.fcaa.gov.sk.ca
Manitoba	The Manitoba Securities Commission 500 – 400 St Mary Avenue Winnipeg, Manitoba R3C 4K5 Telephone: 204-945-2548 Toll free in Manitoba: 1-800-655-2548 E-mail: exemptions.msc@gov.mb.ca www.mbsecurities.ca
Québec	Autorité des marchés financiers Direction du financement des sociétés 800, rue du Square-Victoria, 22nd floor P.O. Box 246, Tour de la Bourse Montréal, Québec H4Z 1G3 Telephone: 514-395-0337 Toll free in Québec: 1-877-525-0337 E-mail: financement-participatif@lautorite.qc.ca www.lautorite.qc.ca
New Brunswick	Financial and Consumer Services Commission 85 Charlotte Street, Suite 300 Saint John, New Brunswick E2L 2J2 Toll free: 1-866-933-2222 E-mail: emf-md@fcnb.ca www.fcnb.ca
Nova Scotia	Nova Scotia Securities Commission Suite 400, 5251 Duke Street Halifax, Nova Scotia B3J 1P3 Telephone: 902-424-7768 Toll free in Nova Scotia: 1-855-424-2499 E-mail: nssc.crowdfunding@novascotia.ca nssc.novascotia.ca

Start-up Crowdfunding Registration and Prospectus Exemptions
Form 4 - *Start-up Crowdfunding – Funding Portal – Individual Information Form*

GENERAL INSTRUCTIONS:

- (1) *This form must be typed, printed, signed and delivered via e-mail with any attachments and the corresponding Start-up Crowdfunding – Funding Portal Information Form to the securities regulatory authority or regulator of each of the participating jurisdictions where the funding portal facilitates or intends to facilitate a start-up crowdfunding distribution at the e-mail address(es) provided on the last page of this form.*
- (2) *This form must be completed and certified by each promoter, director, officer, and control person of the funding portal.*
- (3) *The information provided on this form must be specific to the individual certifying this form.*
- (4) *Question 5 and questions 11 to 23: Please check the appropriate space provided. If your answer to any of these questions is “Yes”, you must, in an attachment, provide complete details, including the circumstances, relevant dates, names of the parties involved and final disposition, if known. Responses must consider all time periods.*
- (5) *An attachment in response to any question must be signed and dated by the individual certifying this form.*
- (6) *If a change occurs and the form and documents filed with the securities regulatory authority or regulator are no longer up to date or the information they contain is no longer true, you must complete a new form setting out the change, and deliver it to the securities regulatory authority or regulator of each applicable participating jurisdiction as soon as practicable.*
- (7) *For funding portal information, please refer to the Start-up Crowdfunding Guide for Funding Portals available on the website of the securities regulatory authority or regulator of the participating jurisdictions.*

FUNDING PORTAL INFORMATION

1. Provide the full legal name of the funding portal as it appears on the funding portal's organizing documents.
2. Provide the name that the funding portal will be operating under.
3. Indicate the position(s) you hold with the funding portal.

INDIVIDUAL INFORMATION

4. Full legal name:

First name

Middle name(s)

Last name

5. Are you currently, or have you ever been, known by any name(s) other than your full legal name stated above, for example nicknames or names due to marriage?

Yes No

If yes, you must provide details.

6. Telephone, fax number and e-mail address:

Residential:	()	Fax number:	()
Business:	()	E-mail:	

7. Provide all residential addresses for the past five years starting with your current residential address.

Number, street, city, province, territory or state, country and postal/ZIP code	From		To	
	MM	YYYY	MM	YYYY

8. If you are not a resident of Canada, you must have one address for service of process in Canada and provide the following information:

Name of agent for service:	
Name of contact person:	
Address for service:	
Telephone:	

9. Sex, date and place of birth:

Sex	Date of birth			Place of birth		
Female <input type="checkbox"/>	MM	DD	YYYY	City	Province/ Territory/ State	Country
Male <input type="checkbox"/>						

10. Country of citizenship: _____

11. Are you currently or have you ever been registered or licensed in any capacity with any Canadian securities regulatory authority or regulator, or with any other professional or regulatory entity?

Yes No

If yes, you must provide your licence/ registration type, name of the entity, and the start date and ending date, if applicable:

12. Have you ever been dismissed for cause by an employer from a position following allegations that you:

- violated any statutes, regulations, rules or standards of conduct;
- failed to appropriately supervise compliance with any statutes, regulations, rules or standards of conduct; or
- committed fraud or the wrongful taking of property, including theft?

Yes No

If yes, you must provide details.

CRIMINAL DISCLOSURE

13. Have you ever been found guilty, pleaded no contest to, or been granted an absolute or conditional discharge from:

- a summary conviction or indictable offence under the *Criminal Code* (R.S.C., 1985, c. C-46) (Canada),
- a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction,
- a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory therein, or
- an offence under the criminal legislation of any other foreign jurisdiction.

Yes No

If yes, you must provide details.

14. Are there any outstanding or stayed charges against you alleging a criminal offence that was committed?

Yes No

If yes, you must provide details.

15. To the best of your knowledge, are there any outstanding or stayed charges against any entity of which you were, at the time the criminal offence was alleged to have taken place, a promoter, director, officer or control person?

Yes No

If yes, you must provide details.

16. To the best of your knowledge, has any entity, when you were a promoter, director, officer or control person, ever been found guilty, pleaded no contest to or been granted an absolute or conditional discharge from a criminal offence that was committed?
Yes No
If yes, you must provide details.

CIVIL DISCLOSURE

17. Have you ever been the subject of an order, judgment, decree, sanction, or administrative penalty in Canada or a foreign jurisdiction in the last ten years related to your involvement in any type of business, securities, insurance or banking activity?
Yes No
If yes, you must provide details.

18. Are there currently any outstanding civil actions alleging fraud, theft, deceit, misrepresentation, or similar misconduct against you or an entity of which you are or were a promoter, director, officer or control person?
Yes No
If yes, you must provide details.

19. Have you or an entity of which you are or were a promoter, director, officer or control person ever been a defendant or respondent in any civil proceeding in which a fraud, theft, deceit, misrepresentation, or similar misconduct is, or was, successfully established in a judgement?
Yes No
If yes, you must provide details.

FINANCIAL DISCLOSURE

20. Have you or any entity when you were a promoter, director, officer or control person of that entity, ever had a petition in bankruptcy issued or made a voluntary assignment in bankruptcy or any similar proceeding?
Yes No
If yes, you must provide details.

21. Have you or any entity when you were a promoter, director, officer or control person of that entity made a proposal under any legislation relating to bankruptcy or insolvency or any similar proceeding?
Yes No
If yes, you must provide details.

22. Have you or any entity when you were a promoter, director, officer or control person of that entity ever been subject to proceedings under any legislation relating to the winding up or dissolution of that entity, or under the *Companies' Creditors Arrangement Act* (Canada) or similar legislation?

Yes No

If yes, you must provide details.

23. Have you or any entity when you were a promoter, director, officer or control person of that entity ever been subject to, or initiated any proceedings, arrangement or compromise with creditors? This includes having a receiver, receiver-manager, administrator or trustee appointed by or at the request of creditors, privately, through court process or by order of a regulatory authority, to hold your assets.

Yes No

If yes, you must provide details.

COLLECTION AND USE OF PERSONAL INFORMATION

The personal information required under this form is collected, used and disclosed by the securities regulatory authority or, where applicable, regulator of the participating jurisdictions under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

By submitting this form, you consent to the collection, use and disclosure of this personal information by the securities regulatory authority or regulator of each participating jurisdiction and any police records, records from other government or non-governmental regulators or self-regulatory organizations, credit records and employment records about you that the securities regulatory authority or regulator may need to determine the completeness of the information submitted in this form and compliance with the conditions of the start-up crowdfunding registration and prospectus exemptions. The securities regulatory authority or regulator may contact government and private bodies or agencies, individuals, corporations and other organizations for information about you.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or regulator of any participating jurisdiction in which this form is delivered. Contact information is listed at the end of this form.

CERTIFICATION

By submitting this form, I:

- certify that the statements made in this form are true and complete, and
- agree to be subject to the securities legislation of each participating jurisdiction of Canada where I have submitted this form. This includes the jurisdiction of any tribunals or any proceedings that relate to my activities as a promoter, director, officer or control person of a funding portal under applicable securities legislation.

Signature: _____ Date: _____

Print name: _____

Position held: _____

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS FORM

Deliver by e-mail to the securities regulatory authority or regulator of each applicable participating jurisdiction:

British Columbia	British Columbia Securities Commission P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1L2 Telephone: 604-899-6854 Toll free across Canada: 1-800-373-6393 E-mail: portal@bcsc.bc.ca www.bcsc.bc.ca
Saskatchewan	Financial and Consumer Affairs Authority of Saskatchewan Securities Division Suite 601 – 1919 Saskatchewan Drive Regina, Saskatchewan S4P 4H2 Telephone: 306-787-5645 E-mail: registrationfcaa@gov.sk.ca www.fcaa.gov.sk.ca
Manitoba	The Manitoba Securities Commission 500 – 400 St Mary Avenue Winnipeg, Manitoba R3C 4K5 Telephone: 204-945-2548 Toll free in Manitoba: 1-800-655-2548 E-mail: exemptions.msc@gov.mb.ca www.mbsecurities.ca
Québec	Autorité des marchés financiers Direction du financement des sociétés 800, rue du Square-Victoria, 22nd floor P.O. Box 246, Tour de la Bourse Montréal, Québec H4Z 1G3 Telephone: 514-395-0337 Toll free in Québec: 1-877-525-0337 E-mail: financement-participatif@lautorite.qc.ca www.lautorite.qc.ca
New Brunswick	Financial and Consumer Services Commission 85 Charlotte Street, Suite 300 Saint John, New Brunswick E2L 2J2 Toll free: 1-866-933-2222 E-mail: emf-md@fcnb.ca www.fcnb.ca
Nova Scotia	Nova Scotia Securities Commission Suite 400, 5251 Duke Street Halifax, Nova Scotia B3J 1P3 Telephone: 902-424-7768 Toll free in Nova Scotia: 1-855-424-2499 E-mail: nssc.crowdfunding@novascotia.ca nssc.novascotia.ca

Start-up Crowdfunding Registration and Prospectus Exemptions
Form 5 - *Start-up Crowdfunding – Report of Exempt Distribution*

GENERAL INSTRUCTIONS:

(1) **Filing Instructions**

An issuer relying on the start-up crowdfunding prospectus exemption is required to file a report of exempt distribution no later than the 30th day after the closing of the distribution as follows:

- ***In all participating jurisdictions (except British Columbia)*** – file this form through the System for Electronic Document Analysis and Retrieval (SEDAR) in accordance with National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR). Schedule 1 to Form 5 must be filed in the format of an Excel spreadsheet in a form acceptable to the securities regulatory authority or regulator.
- ***In British Columbia*** – use Form 45-106F1 Report of Exempt of Distribution and file through BCSC eServices at <http://www.bcsc.bc.ca>.

The report of exempt distribution must be filed where the issuer has made a start-up crowdfunding distribution, as well as in the participating jurisdiction where the issuer's head office is located.

- (2) *References to a purchaser in this report are to the beneficial owner of the securities.*
- (3) *This form must be completed and certified by an authorized individual on behalf of the issuer.*
- (4) *For issuer information and for information relating to the filing of this form, please refer to the Start-up Crowdfunding Guide for Businesses available on the website of the securities regulatory authority or regulator of the participating jurisdictions.*

ISSUER INFORMATION

1. Full legal name: _____
Former legal name (if the name has changed since last report): _____
Head office address: _____
Telephone: _____ Fax: _____
Website URL: _____

2. Full legal name of contact person: _____
 Business address: _____
 Telephone: _____ Fax: _____
 E-mail: _____
 Position with issuer: _____

3. Indicate the industry of the issuer by checking the appropriate box:

<input type="checkbox"/> Bio-tech	<input type="checkbox"/> Hi-tech	<input type="checkbox"/> Oil and gas
<input type="checkbox"/> Financial Services	<input type="checkbox"/> Industrial	<input type="checkbox"/> Real estate
<input type="checkbox"/> Forestry	<input type="checkbox"/> Mining	<input type="checkbox"/> Utilities
<input type="checkbox"/> Other (describe): _____		

START-UP CROWDFUNDING DISTRIBUTION

4. Date the offering document was first made available to purchasers through the funding portal: _____
 Date of the closing of the distribution: _____

5. Type of eligible securities offered: _____

6. If the eligible securities offered are convertible, describe the type of underlying security, the terms of conversion and any expiry date:

7. Total number of eligible securities distributed: _____ Price per eligible security (\$): _____

8. Aggregate funds raised through this start-up distribution (Canadian \$): _____

8.1 Have funds been raised through concurrent distributions using other prospectus exemptions that are unconditionally available to the issuer to satisfy the minimum amount disclosed in the start-up offering document? Yes No
 If yes indicate amount raised (Canadian\$): _____

9. Total commission, fee and any other amount paid to the funding portal for this distribution (\$): _____

10. Complete Schedule 1 to this form.

11. Complete the following table with respect to funds raised through this start-up distribution.

Each participating jurisdiction where purchasers of the securities reside	Number of purchasers	Aggregate funds raised from purchasers in the participating jurisdiction (Canadian \$)
Total number of purchasers		
Aggregate funds raised from purchasers in all the participating jurisdictions (Canadian \$)		

CERTIFICATE

On behalf of the issuer, I certify that the statements made in this report are true and complete.

Full legal name of issuer: _____

Signature: _____ Date: _____

Print name: _____

Position held: _____

Telephone: _____

E-mail: _____

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT

NOTICE - COLLECTION AND USE OF PERSONAL INFORMATION

The personal information required under this report is collected on behalf of and used by the securities regulatory authorities or, where applicable, the regulators of the participating jurisdictions under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or, where applicable, the regulator in each of the participating jurisdictions where the report is filed, at the address(es) listed at the end of this report.

SCHEDULE 1 to FORM 5 – START-UP CROWDFUNDING – PURCHASER INFORMATION

Schedule 1 to Form 5 must be filed in the format of an Excel spreadsheet in a form acceptable to the securities regulatory authority or regulator.

Provide the information for each purchaser who purchased eligible securities through the start-up crowdfunding distribution. Do not include any purchaser information where any other prospectus exemption was relied on.

This information will not be placed on the public file of the securities regulatory authority or regulator of the participating jurisdictions. However, freedom of information legislation may require a securities regulatory authority or regulator of a participating jurisdiction to make this information available if requested.

a) General information

1. Full Name of the Issuer
2. Date of certificate of report

Provide the following information for each purchaser that participated in the start-up distribution. For each purchaser, create separate entries.

b) Individual (Y or N)

c) Legal name of purchaser

1. Last Name (or Legal Entity Name)
2. First name
3. Middle name

d) Contact information of purchaser

1. Address Line 1 (Residential street address)
2. Address Line 2 (if needed)
3. Municipality
4. Province
5. Postal Code
6. Telephone Number
7. E-mail address

e) Details of eligible securities purchased

1. Number of Eligible Securities Purchased
2. Total Purchase Price (Canadian \$)

Questions:

Refer any questions to the following participating jurisdictions:

Saskatchewan	Financial and Consumer Affairs Authority of Saskatchewan Securities Division Suite 601 – 1919 Saskatchewan Drive Regina, Saskatchewan S4P 4H2 Telephone: 306-787-5645 Fax: 306-787-5842 E-mail: exemptions@gov.sk.ca www.fcaa.gov.sk.ca
Manitoba	The Manitoba Securities Commission 500 – 400 St Mary Avenue Winnipeg, Manitoba R3C 4K5 Telephone: 204-945-2548 Toll free in Manitoba: 1-800-655-2548 Fax: 204-945-0330 E-mail: exemptions.msc@gov.mb.ca www.mbsecurities.ca
Québec	Autorité des marchés financiers Direction du financement des sociétés 800, rue du Square-Victoria, 22nd floor P.O. Box 246, Tour de la Bourse Montréal, Québec H4Z 1G3 Telephone: 514-395-0337 Toll free in Québec: 1-877-525-0337 Fax: 514 873-3090 E-mail: financement-participatif@lautorite.qc.ca www.lautorite.qc.ca
New Brunswick	Financial and Consumer Services Commission 85 Charlotte Street, Suite 300 Saint John, New Brunswick E2L 2J2 Toll free: 1-866-933-2222 Fax: 506-658-3059 E-mail: emf-md@fcbn.ca www.fcbn.ca
Nova Scotia	Nova Scotia Securities Commission Suite 400, 5251 Duke Street Halifax, Nova Scotia B3J 1P3 Telephone: 902-424-7768 Toll free in Nova Scotia: 1-855-424-2499 Fax: 902-424-4625 E-mail: nssc.crowdfunding@novascotia.ca nssc.novascotia.ca