



ASC NOTICE AND REQUEST FOR COMMENT ALBERTA SECURITIES COMMISSION BLANKET ORDER 45-520 *FACILITATING ACCESS TO CAPITAL BY COMMUNITY ECONOMIC DEVELOPMENT CORPORATIONS*

September 13, 2018

Introduction

The Alberta Securities Commission is publishing for a 30-day comment period proposed ASC Blanket Order 45-520 *Facilitating Access to Capital by Community Economic Development Corporations* (the **Proposed Blanket Order**). The Proposed Blanket Order is attached as Annex A to this notice.

Substance and Purpose

The purpose of the Proposed Blanket Order is to facilitate access to capital by Community Economic Development Corporations (**CEDCs**), as contemplated under the CEDC program (**CEDC Program**) recently adopted by the Alberta government pursuant to the *Investing in a Diversified Alberta Economy Act* (**IDAE Act**).

We propose to modify the requirements under the offering memorandum exemption (**OM Exemption**) in section 2.9 of National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) to allow CEDCs to provide a variation of the financial statements otherwise required. To ensure appropriate protection, we also propose to impose certain additional conditions.

Background

Investing in a Diversified Alberta Economy Act

The IDAE Act is a three year program of the Alberta government offering tax credits to Alberta investors who provide venture capital to small Alberta businesses substantially engaged in tourism research & development and commercialization of proprietary technology, development of interactive digital media and game products and post-production visual effects and digital animation. There are three avenues of investment, one of which is investment in a CEDC that will invest in one or more eligible community businesses.

Details of the CEDC Program

Details of the CEDC Program can be found in the IDAE Act and related regulations.¹

Our understanding is that the CEDC Program is designed to provide access to capital and mentorship for small businesses that are expected to have community economic development or social impact in their local community. Under the CEDC Program, an Alberta resident individual or corporate investor can receive a 30% investment tax credit provided by the province. To use

¹ The IDAE Act can be found at: <http://www.qp.alberta.ca/documents/Acts/i10p5.pdf> and the regulations can be found at http://www.qp.alberta.ca/documents/Regs/2018_113.pdf.

the CEDC Program, a CEDC must be registered with the government and meet certain requirements.

Although CEDCs, like any other issuer, may rely on any of the available prospectus exemptions, including the OM Exemption, we have received feedback that in the case of issuers raising modest amounts of capital, the cost of the financial statements required under the OM Exemption can be very significant, sometimes prohibitively expensive, relative to the amount of money being raised. We have previously endeavored to address this with ASC Rule 45-517 *Prospectus Exemption for Start-up Businesses (ASC Rule 45-517)*, however feedback to date has been that amounts permitted under this rule are too low.² In order to facilitate the CEDC Program, the Proposed Blanket Order provides certain exemptions from the financial statement requirements that would otherwise apply under the OM Exemption and permits larger amounts than under ASC Rule 45-517.

Summary of the Proposed Blanket Order

The Proposed Blanket Order would permit a variation from the existing OM Exemption to permit CEDCs, that conduct an offering otherwise in compliance with the OM Exemption to:

- rather than providing audited annual financial statements, provide annual financial statements that have been reviewed by a public accountant; and
- rather than requiring that the financial statements be prepared in accordance with generally accepted accounting principles (**GAAP**) for publicly accountable enterprises (**IFRS**), permit the use of GAAP for private enterprises provided that any subsidiaries are consolidated and accounted for using the equity method (the **Modified Regulatory Standard**);

(together the **Modified Financial Statements**).

Allowing CEDCs to include the Modified Financial Statements when using the OM Exemption may reduce some of the detail and potentially the reliability of the disclosure provided and therefore may increase risk to investors. To offset that risk, the Proposed Blanket Order includes the following additional conditions applicable to CEDCs relying on the Proposed Blanket Order:

- Each investor must complete, prior to investing, an enhanced risk acknowledgement form that helps ensure each investor appreciates some of the key risks of this type of investment.
- Although there is otherwise no limit on the amount that can be raised under the OM Exemption, the aggregate maximum that can be raised by a CEDC in connection with the distribution of any shares eligible for the tax credit would be \$5,000,000.
- All of the caps on investments by individuals that are otherwise applicable under the OM Exemption would be cut in half. Under the Proposed Blanket Order, the maximum cumulative amount an investor could invest in a 12 month period in *all* CEDCs would be:

² The maximum that can be raised under ASC Rule 45-517 is \$250,000 per distribution, with a lifetime limit of \$1,000,000. The maximum a purchaser can invest is \$1,500 unless the purchaser receives suitability advice, in which case, the maximum is \$50,000.

- \$5,000 for an individual that does not meet the definition of “eligible investor” under the OM Exemption³;
- \$15,000 for an investor that meets the definition of “eligible investor” under the OM Exemption; and
- \$50,000 for an investor that meets the definition of “eligible investor” under the OM Exemption and who has received suitability advice.

There would be no limit on an investor that qualifies as an accredited investor under NI 45-106 or that would be eligible to use the family, close friends and close business associates exemption in section 2.5 of NI 45-106.

- If it is reasonably expected at the time of distribution that 50% or more of the funds are to be allocated to a loan to, or investment in, another issuer, there must be the same disclosure about that other issuer as would be required if the investment were made directly in that other issuer. This requirement is not intended to prevent the use of blind pools.

Questions

We invite comment on all aspects of the Proposed Blanket Order. In particular, we would like to receive feedback in respect of the following questions:

Proposed Blanket Order Generally

1. Will this relief meaningfully improve the ability of CEDCs to raise capital?
2. Will the limits on the amount of investment in a CEDC sufficiently off-set the increased risk as a result of no audit being required and the use of the Modified Regulatory Standard rather than IFRS?
3. What are the likely size and number of investments by a CEDC into another business?
4. Is a CEDC likely to be a stand-alone entity or a subsidiary or division of a larger enterprise?
5. Do you anticipate that multiple CEDCs will invest in the same eligible community business?
6. Will the enhanced risk acknowledgement form be helpful for investors in understanding the risks? Please explain.
7. Are there other issuers for whom similar relief would be appropriate? If so, please identify the type of issuers and explain why the relief would be appropriate.

³ Note that the definition of “eligible investor” under the OM Exemption is different than the definition under the IDAE.

Registration Exemptions

The Proposed Blanket Order does not contain any registration exemptions. In some other jurisdictions that have CEDC or similar programs, certain registration relief has also been granted, for example, relief from the investment fund manager registration requirement and/or the dealer registration requirement. To help us assess whether registration exemptions are necessary or appropriate, we are interested in better understanding how CEDCs will operate and sell their shares.

1. Do you anticipate that CEDCs or their directors or officers will perform functions that would require registration? Please explain.
2. The person or company that directs the business, operations and affairs of an “investment fund” (for example, prepares and delivers security holder reports, calculates the net asset value of the fund and the net asset value per share or unit, calculates, confirms and arranges payment of subscriptions and redemptions, arranges payment of dividends or other distributions, among other things), is required to be registered as an investment fund manager. In general terms, the definition of an “investment fund” under Alberta securities laws contemplates either:
 - a mutual fund e.g., an issuer whose primary purpose is to invest its investors’ money and whose securities are redeemable on demand at net asset value, or
 - a non-redeemable investment fund e.g., an issuer (that offers redemption no more than once per year) whose primary business is to invest money provided by its security holders and does not invest for the purpose of exercising or seeking to exercise control of an issuer.
- a. Will CEDCs constitute investment funds as defined in Alberta securities law such that a CEDC will require an investment fund manager?
- b. Active management by a CEDC of an underlying business may suggest that the CEDC is not an investment fund.
 - i. What involvement will CEDCs have in the day-to-day management of the underlying business in which they invest?
 - ii. Would CEDCs be expected to have representation on the board of directors of the issuers in which they invest?
 - iii. Would a CEDC be expected to have direct involvement in the appointment of managers of the underlying business?
 - iv. Would a CEDC expect to have a say in material management decisions of the underlying businesses in which it invests?
- c. Who is expected to perform the management services described above for a CEDC?
- d. Given that investors are required to hold their investments for five years to retain the tax credit, how frequently do you anticipate that a manager will need to deal with redemptions?

3. Will CEDCs or their directors or officers be in the business of advising in securities or hold themselves out as being in such a business? If so, they are required to be registered as an adviser.
 - a. Who will make the decisions on behalf of a CEDC in respect of which eligible community businesses to invest?
 - b. Will making investment decisions be the principal activities of the person or company making such decisions or is this expected to be incidental to the services more generally provided to the CEDC?
 - c. Will the persons or companies making investment decisions on behalf of a CEDC be compensated for providing this advice?
 - d. Are investments by a CEDC anticipated to be relatively static and long term such that once made they are generally continued indefinitely or is it expected that the CEDC will be making investment decisions on an ongoing basis, investing and divesting with relative frequency?

4. A person or company who is “in the business” of trading in securities or holds themselves out as being in such a business, is required to be registered as a dealer.
 - a. Who is anticipated to act as the salesperson respecting the sale of the shares of a CEDC?
 - b. If the directors, officers or employees of a CEDC will be the persons selling the shares of a CEDC, will this be incidental to their primary roles with the CEDC or will this be their principal purpose?
 - c. Will the persons or companies selling the shares of a CEDC be registered as dealers under Alberta securities law?
 - d. Will the salespersons be compensated for selling the CEDC shares?
 - e. Will the salespersons be selling the shares of a CEDC in discrete offerings or on a continuous basis?
 - f. Will the salespersons be selling the securities of any other issuers in addition to the shares of a CEDC?
 - g. What type of advertising is expected to occur in connection with the sale of the shares of a CEDC?
 - h. How will the shares of a CEDC be marketed?

Request for Comments

We welcome your comments on the Proposed Blanket Order.

Please submit your comments in writing on or before Monday October 15, 2018 to:

Alberta Securities Commission
Suite 600, 250 - 5th Street SW
Calgary, AB T2P 0R4

Attention:
Gillian Findlay
Legal Counsel, Corporate Finance
Email: gillian.findlay@asc.ca

Please note that comments received will be made publicly available and will be posted on the ASC website at www.albertasecurities.com. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

ANNEX A

ALBERTA SECURITIES COMMISSION

BLANKET ORDER 45-520

Citation: Re Facilitating Access to Capital by Community Economic Development Corporations

Date:

Definitions

1. Unless otherwise defined in this Blanket Order, terms defined in the *Securities Act* (Alberta) (the **Act**), National Instrument 14-101 *Definitions*, NI 45-106 or NI 52-107, have the same meaning in this Blanket Order.

2. In this Blanket Order:

"CEDC" means a corporation or cooperative that is registered under Division 2 of the *Investing in a Diversified Alberta Economy Act* (2016);

"CEDC Share" means a share of a CEDC that is eligible for a tax credit under the *Investing in a Diversified Alberta Economy Act* (2016);

"Handbook" means the CPA Canada Handbook, as amended from time to time;

"Instruction" means an instruction in Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers*;

"Issuer Group" means a CEDC together with each other issuer that is an associate of or affiliated with the CEDC;

"NI 45-106" means National Instrument 45-106 *Prospectus Exemptions*;

"NI 52-107" means National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

"Offering Memorandum Exemption" means the exemption from the prospectus requirement under Alberta securities laws provided by section 2.9 of NI 45-106;

"Modified OM Regulatory Accounting Principles" means Part II of the Handbook applied to a CEDC as if it were a private enterprise provided that the financial statements consolidate any subsidiaries of the CEDC and account for any significantly influenced investees and joint ventures using the equity method;

"Review" means a review in accordance with the standard for engagements to review historical financial statements, as specified in the Handbook.

Background

3. The Government of Alberta has created the CEDC program, which is intended to encourage capital raising by small, community based issuers and provide certain tax credits for investors.
4. To coordinate with the CEDC program and the *Investing in a Diversified Alberta Economy Act* (2016), and to further facilitate access to capital by CEDCs while providing appropriate investor protection, the Commission is providing exemptions from certain requirements of Alberta securities laws.

Order: Financial Statement Relief

5. The Commission, considering that it would not be prejudicial to the public interest to do so, orders under section 213 of the Act that a CEDC that conducts a distribution under the Offering Memorandum Exemption and complies with the conditions in section 6 of this Order, is exempt from the following:

Requirements for an audit

- (a) if the financial statements have not been audited, or the financial information has not been audited or derived from audited financial statements, the requirements in subsection 2.9(17.10) of NI 45-106 and each of Instruction B9, C5, D3(b) and D3(c), as applicable, for an audit of financial statements, or for financial information to be audited or derived from audited financial statements, provided that all of the following are satisfied:
 - (i) the relevant financial statements presented, or from which financial information has been derived, for the most recently completed financial year have been subject to a Review;
 - (ii) the Review report does not include a modified conclusion and complies with each of the following:
 - (A) identifies the financial periods that were subject to the Review;
 - (B) is in the form specified by the standard for a Review;
 - (C) refers to IFRS or the Modified OM Regulatory Accounting Principles as the applicable financial reporting framework;

Requirements to update with an audit

- (b) Instruction B12 if, in the case of a distribution ongoing at the relevant time, each of the following are satisfied:
 - (i) the issuer's financial statements for its most recently completed financial year have not been audited;
 - (ii) the issuer amends its offering memorandum to include financial statements that have been subject to a Review, for its most recently completed financial year, as soon as the issuer has approved the financial statements but in any event no later than the 120th day following its financial year end;

- (c) Instruction C6 if, in the case of a distribution ongoing at the relevant time:
 - (i) the financial statements for a business referred to in Instruction C1 for the business's most recently completed financial year that ended before the acquisition date have not been audited, and
 - (ii) the issuer amends its offering memorandum to include financial statements that have been subject to a Review, for that business's most recently completed financial year that ended before the acquisition date, when they are available but in any event no later than the date 120 days following the year end;

Requirements to disclose an audit and no reservation of opinion

- (d) subsection 2.9(17.10) of NI 45-106 and Instructions D3(c)(i) and D3(c)(ii) provided that the issuer does not provide the Review report to purchasers and does both of the following:
 - (i) provides disclosure to accompany the financial statements that the financial information presented has not been audited and is not derived from audited financial statements;
 - (ii) in respect of financial information, other than financial statements, provides disclosure proximate to that financial information that identifies the financial statements from which the financial information has been derived and indicates that neither the financial information nor the financial statements from which the financial information has been derived has been audited;
- (e) the requirements in Instruction D3 respecting an audit provided that each reference to
 - (i) “has been audited” is read as “has been subject to a Review”,
 - (ii) “audited financial statements” is read as “financial statements subject to a Review”,
 - (iii) “audit opinion” is read as “practitioner’s conclusion”, and
 - (iv) “unmodified opinion” is read as “unmodified conclusion”;

Requirements to use GAAP for publicly accountable enterprises or IFRS

- (f) the financial statements specified by Instructions B4(a) and B5(a) provided that the issuer provides the financial statements required by the Modified OM Regulatory Accounting Principles;
- (g) Instruction B4.1;
- (h) paragraphs 3.2(1)(a), 3.2(1)(b) and 3.11(f)(ii) of NI 52-107 and paragraph 2.9(17.8)(c) of NI 45-106 and the requirement in Instruction B1 to prepare financial statements and summarized financial information in accordance with

Canadian GAAP applicable to publicly accountable enterprises, provided that the issuer complies with all of the following:

- (i) the financial statements and all summarized financial information presented that have not been prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises are prepared in accordance with the Modified OM Regulatory Accounting Principles,
- (ii) the financial statements satisfy both of the following:
 - (A) they state:

These financial statements are prepared in accordance with the Modified OM Regulatory Accounting Principles specified in Alberta Securities Commission Blanket Order 45-520 *Facilitating Access to Capital by Community Economic Development Corporations.*;

- (B) they describe the accounting policies used to prepare the financial statements.

6. A CEDC relying on any of the exemptions in section 5 of this Blanket Order must satisfy all of the following conditions:

- (a) the aggregate maximum amount raised by the Issuer Group in all distributions of CEDC Shares in reliance on any prospectus exemption must not exceed \$5 000 000;
- (b) the aggregate cumulative acquisition cost of all securities acquired by a purchaser who is an individual in the preceding 12 months under the Offering Memorandum Exemption, as modified by this Blanket Order, must not, except in the case of a purchaser that is an accredited investor or a person or company referred to in paragraphs 2.5(1)(a) to (i) [*Family, friends and business associates*] of NI 45-106, exceed the following amounts:
 - (i) in the case of a purchaser that is not an eligible investor, \$5 000;
 - (ii) in the case of a purchaser that is an eligible investor, \$15 000;
 - (iii) in the case of purchaser that is an eligible investor and that has received advice from a registered portfolio manager, investment dealer or exempt market dealer that the investment is suitable, \$50 000;
- (c) if at the time of the distribution the CEDC has identified a person or company that it reasonably expects it will loan or invest at least 50% of the aggregate gross proceeds of all distributions by the Issuer Group, relying on the Offering Memorandum Exemption, as modified by this Blanket Order, the offering memorandum contains the disclosure in respect of such other person or company that would be required if such other person or company were conducting a

distribution under the Offering Memorandum Exemption, as modified by this Blanket Order;

- (d) the issuer states in bold font on the face page of each offering memorandum used in a distribution made under the Offering Memorandum Exemption, as modified by this Blanket Order:

This is a risky investment.

This offering memorandum was prepared in accordance with ASC Blanket Order 45-520 *Facilitating Access to Capital by Community Economic Development Corporations* (the Blanket Order). The financial statements and financial information in this offering memorandum are not audited. [Delete prior sentence if financial statements are audited.] They have been prepared in accordance with the Modified OM Regulatory Accounting Principles, as defined in the Blanket Order, and are not comparable to financial statements prepared using Canadian generally accepted accounting principles for publicly accountable enterprises. [Instruction: Delete last sentence if statements are prepared using Canadian GAAP for publicly accountable enterprises.]

Particular conditions apply to this offering. When relying on those particular conditions, the issuer together with issuers associated or affiliated with it cannot have raised more than \$5,000,000.

You may choose to invest less, but when relying on those particular conditions, you can not cumulatively invest more than \$5,000 worth of securities in this issuer and all other issuers relying on this Blanket Order, in a 12-month period.

- (e) at or before the time at which the purchaser enters into an agreement to purchase securities of the issuer, the issuer obtains from the purchaser a signed risk acknowledgement in the form prescribed in the Appendix to this Blanket Order;
- (f) in each Schedule 1 to Form 45-106F1 *Report of Exempt Distribution* filed by an issuer relying on the Offering Memorandum Exemption, as modified by this Blanket Order, the issuer reports that it has relied on the "Offering Memorandum Exemption as modified by Blanket Order 45-520" under the "Other" column of "Details of exemption relied upon", for each reliance on the Offering Memorandum Exemption, as modified by this Blanket Order.

Order: Risk Acknowledgement

7. The Commission, considering that it would not be prejudicial to the public interest, orders under section 213 of the Act that a CEDC that conducts an offering that complies with the Offering Memorandum Exemption, other than as specifically excepted by this Blanket Order, and obtains a risk acknowledgement from a purchaser in the form prescribed by the Appendix to this Blanket Order, is exempt from the requirement of subparagraph 2.9(2.1)(c)(ii) in NI 45-106 to obtain a risk acknowledgement in Form 45-106F4 *Risk Acknowledgement*.

This Blanket Order ceases to have effect after 22 November 2020.

Appendix
Risk Acknowledgement
under Alberta Securities Commission Blanket Order 45-520 *Facilitating Access to Capital*
by *Community Economic Development Corporations*

Name and Contact Information for Issuer: _____

Name of Salesperson: _____ Type of Security: _____

Acknowledgements	Yes	No
<p>Risk of loss – You are buying “securities” (e.g., share, units, notes or debentures) of a small business. A high percentage of small businesses do not survive. You should consider how much this investment represents of your total assets, your annual income and your other investments. Consider whether you need this money for your retirement or other purposes.</p> <p>Do you understand that this is a risky investment and that you could lose a significant portion or even all of the money you invest?</p>		
<p>Tax Credit - Any tax credit you may receive may be less than the decrease in value of your investment. There is a risk that the issuer will cease to be eligible for a tax credit.</p> <p>Do you understand that the tax credit may not make up for any losses and that the issuer may lose its eligibility for the tax credit?</p>		
<p>Investment returns - If the securities you are buying are supposed to provide a dividend or other return, you should consider whether the business has a reasonable prospect of making the income necessary to make those payments.</p> <p>Do you understand the risk that you may not receive any income such as dividends on this investment?</p>		
<p>Resale - The securities you are buying cannot be legally resold except in very limited circumstances. Even if you are legally able to sell them there is no established market in which to resell them.</p> <p>Do you understand that even if the value of your investment increases, you may be unable to sell your securities?</p>		
<p>Liquidity - You should consider your “exit strategy”. What is the issuer’s plan to allow you to be able to realize any value in your investment e.g., its plans to go public or be taken over? You should consider the issuer’s timeline for achieving that goal compared to your needs.</p> <p>Do you understand that even if the issuer is eventually successful, it may be many years before you are able to realize on your investment?</p>		
<p>Redemption risk - Unless specified by the terms of the security, the issuer selling these securities to you is not typically obligated to buy them back from you. Even if you have a right of redemption it will be subject to various conditions and limits.</p> <p>Do you understand that even if you have a right of redemption, it may not be possible to redeem your investment?</p>		

<p>Indirect investment – If you invest in a business that intends to invest in another business, you are not typically a securityholder of the underlying business and will not typically have rights to vote as a shareholder of the underlying business or to participate directly in the distribution of the earnings or assets of that underlying business.</p> <p>Do you understand that with an indirect investment, you are not a shareholder of any underlying business?</p>		
<p>Lack of information - The issuer is selling these securities under an exemption from the prospectus requirement. The offering memorandum you should have received likely does not contain the same disclosure that would be required to be provided to you by a prospectus.</p> <p>After conducting this offering, the issuer will not be a reporting issuer (public company) and will not be required to provide the ongoing disclosure expected of a reporting issuer. Alberta securities laws require only that you be provided annual financial statements and information regarding how the issuer used the proceeds.</p> <p>Do you understand that you will not receive the initial or ongoing disclosure that you could expect if the issuer was filing a prospectus and becoming a reporting issuer (public company)?</p>		
<p>Financial Statements – The issuer selling you these securities may have prepared its financial statements using, as a regulatory framework, private company generally accepted accounting principles and may have had its financial statements reviewed, rather than audited, by a public accountant. Financial statements prepared in this manner contain less detail and lack the assurance that they are reasonably free of material misstatement than those of a typical reporting issuer (public company).</p> <p>Do you understand that the financial statements of the issuer may have been prepared with accounting principles that do not provide you with all the details and assurance of financial statements of a typical reporting issuer (public company)?</p>		
<p>No approval – No government or securities regulatory authority has reviewed, evaluated or endorsed the merits of these securities or the truthfulness or adequacy of the disclosure in the offering memorandum.</p> <p>Do you understand that even if this investment is eligible for a tax credit, the merits of this investment have <u>not</u> been reviewed or approved by the Alberta Securities Commission or any government body?</p>		
<p>Registered dealer – To determine whether a salesperson is registered prior to making an investment, you can consult the website, www.checkfirst.ca. If the salesperson is not registered, no government or securities regulatory authority has assessed the qualifications, integrity or financial circumstances of the salesperson or the existence of any controls regarding the handling of your assets and you will not have the protections associated with purchasing securities from a registered dealer.</p> <p>Do you understand the risks associated with purchasing securities from a salesperson who is not registered?</p>		

Date

Signature of Purchaser

Print name of Purchaser

*Sign two copies of this document. Keep one copy, including Schedules 1 and 2, for your records.

****You have 2 business days to cancel your purchase. To cancel your purchase send a notice to the issuer before midnight on the 2nd business day after you sign the agreement to buy the securities.**

Schedule 1
Classification of Investors Under the Offering Memorandum Exemption as Modified by
Blanket Order 45-520

Instructions: This schedule must be completed, together with the Risk Acknowledgement Form and Schedule 2, by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) as modified by Alberta Securities Commission Blanket Order 45-520 *Facilitating Access to Capital By Community Economic Development Corporations* (Blanket Order 45-520) in Alberta.

How you qualify to buy securities under the offering memorandum exemption, as modified by Blanket Order 45-520

Initial the statement under A, B, C or D containing the criteria that applies to you. (You may initial more than one statement.) If you initial a statement under B or C, you are not required to complete A.

A. You are an eligible investor because:		Your initials
Eligible Investor	Your net income before taxes was more than \$75,000 in each of the 2 most recent calendar years, and you expect it to be more than \$75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than \$125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Either alone or with your spouse, you have net assets worth more than \$400,000. (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on your property.)	

B. You are an eligible investor, as a person described in section 2.3 [Accredited investor] of NI 45-106, because:		Your initials
Accredited Investor	Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	

	Your net income before taxes combined with your spouse’s was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
	Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
	Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	

C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106, because:	Your initials
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Family, Friends and Business Associates	<p>You are:</p> <p>1) <i>[check all applicable boxes]</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> a director of the issuer or an affiliate of the issuer <input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer <input type="checkbox"/> a control person of the issuer or an affiliate of the issuer <input type="checkbox"/> a founder of the issuer <p>OR</p> <p>2) <i>[check all applicable boxes]</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above <input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above 	
	<p>You are a family member of _____ <i>[Instruction: Insert the name of the person who is your relative either directly or through his or her spouse],</i> who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You are the _____ of that person or that person’s spouse. <i>[Instruction: To qualify as a family member, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person’s spouse.]</i></p>	

	<p>You are a close personal friend of _____ <i>[Instruction: Insert the name of your close personal friend]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for _____ years.</p>	
	<p>You are a close business associate of _____ <i>[Instruction: Insert the name of your close business associate]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for _____ years.</p>	

D. You are not an eligible investor.		Your initials
Not an Eligible Investor	You acknowledge that you are not an eligible investor.	

Schedule 2

Investment Limits for Investors Under the Offering Memorandum Exemption as Modified by Blanket Order 45-520

Instructions: This schedule must be completed, together with the Risk Acknowledgement Form and Schedule 1, by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) relying on Alberta Securities Commission Blanket Order 45-520 *Facilitating Access to Capital By Community Economic Development Corporations* (Blanket Order 45-520) in Alberta.

SECTION 1 TO BE COMPLETED BY THE PURCHASER
1. Investment limits you are subject to when purchasing securities under the offering memorandum exemption as modified by Blanket Order 45-520
You may be subject to investment limits that apply to all securities acquired in a 12 month period under the offering memorandum exemption, as modified by Blanket Order 45-520, depending on the criteria under which you qualify as identified in Schedule 1.
Initial the statement that applies to you.

A. You are an eligible investor.		Your initials
Eligible Investor	As an eligible investor that is an individual, you cannot invest more than \$15,000 in the previous 12 months under the offering memorandum exemption, as modified by Blanket Order 45-520, unless you have received advice that your investment is suitable from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule.	
	Initial one of the following statements:	
	You confirm that, after taking into account your investment today of \$_____ in this issuer, you have not invested more than \$15,000 in all investments in the previous 12 months under the offering memorandum exemption, as modified by Blanket Order 45-520.	
	You confirm that you received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule that the investment you are making is suitable.	
	You confirm that, after taking into account your investment today of \$_____ in this issuer, you have not invested more than \$50,000 in all investments in the previous 12 months under the offering memorandum exemption, as modified by Blanket Order 45-520.	

B. You are an eligible investor, as a person described in section 2.3 [<i>Accredited investor</i>] of NI 45-106).		Your initials
Accredited Investor	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.3 [<i>Accredited investor</i>] of National Instrument 45-106 <i>Prospectus Exemptions</i> you are not subject to investment limits.	

C. You are an eligible investor, as a person described in section 2.5 [<i>Family, friends and business associates</i>] of NI 45-106.		Your initials
Family, Friends and Business Associates	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.5 [<i>Family, friends and business associates</i>] of National Instrument 45-106 <i>Prospectus Exemptions</i> you are not subject to investment limits.	

D. You are not an eligible investor.		Your initials
Not an Eligible Investor	<p>You acknowledge that, including your investment today, you cannot invest more than \$5,000 in the previous 12 months under the offering memorandum exemption investments as modified by Blanket Order 45-520.</p> <p>You confirm that, after taking into account your investment today of \$_____ in this issuer, you have not invested more than \$5,000 in all investments in the previous 12 months under offering memorandum exemption, as modified by Blanket Order 45-520.</p>	

SECTION 2 TO BE COMPLETED BY THE REGISTRANT	
2. Registrant information	
<i>[Instruction: this section must only be completed if an investor has received advice from a portfolio manager, investment dealer or exempt market dealer concerning his or her investment.]</i>	
First and last name of registrant (please print):	
Registered as: <i>[Instruction: indicate whether registered as a dealing representative or advising representative]</i>	
Telephone:	Email:
Name of firm: <i>[Instruction: indicate whether registered as an exempt market dealer, investment dealer or portfolio manager.]</i>	
Date:	