
New financing option Sales to self-certified investors

AB & SK Orders 45-538

Self-Certified Investor Prospectus Exemption



Background

- Burden reduction initiatives
- Economic diversification
- 11-701 *Energizing Alberta's Capital Market*



Progressing various initiatives

- Website content for entrepreneurs & investors
- Searchable statistics on financings
- Reducing regulatory burden for smaller dealers



Intro: Self-certified investor exemption

- Prospectus is the starting point when issuing securities
- Goal to expand the accredited investor exemption
- Heard we should focus on financial and investment knowledge and education
- Help expand the pool of angel investors
- Interim pilot initiative



Key requirements

- **Only AB & SK**
- **No specified offering document – same info as accredited investor**
 - But must be a concurrent offering to an accredited investor
- **Statutory Declaration within 36 months**
 - Solemnly declare signing of own choice and to the truth of the Acknowledgement
 - Issuer doesn't know or reasonably should know that Stat Dec is false
- **Acknowledgement**
 - Confirms meets financial or investment knowledge “qualifying criteria”
 - Confirms having read and understood the investment considerations and risks
- **Investment Limits (unless “Listed Issuer Investment”)**
 - \$10K per calendar year in any one issuer
 - Investor represents in sub agmt that hasn't invested more than \$30K in a calendar year under the exemption
 - Issuer doesn't know or reasonably should know that rep is false



What are the qualifying criteria?

- CFA or CIM
- CPA
- CBV
- CIWM
- Finance degree
- MBA
- Business/Commerce degree if finance or investment specialization
- Admitted to practice law & 1/3 practice financings or M&A
- Passed Canadian Securities Course exam & minimum income \$75K/\$125K

- Company or LP:
Majority of owners or directors are AIs or meet self-certified investor qualifying criteria
- Trust:
The settlor meets the qualifying criteria and trust for specified family members

What's a Listed Issuer Investment?



- 1) Equity listed on Canadian exchange
- 2) Not in default of reporting issuer disclosure requirements
- 3) Suitability advice from a registrant qualified to provide it

- If it's a Listed Issuer Investment no investment limits
- Prior Listed Issuer Investments don't get included in calculating thresholds when subsequently investing in other issuers

Final points

- Form 45-106F1 *Report of Exempt Distribution* in 10 days
 - Except private issuers
- Don't need to file Statutory Declaration & Acknowledgement but keep it
- Typical resale restrictions, e.g.,
 - 4 months reporting issuers
 - Indefinite for non-reporting issuers



Private issuers

- Self-certified can be considered “not the public”
- SPV with accredited and self-certified investors can be considered “not the public” if $\leq 25\%$ of funds from self-certified investors



Questions?

Email: new.economy@asc.ca

Thank You

