

New Investment Dealer Exemption

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What will we talk about

Agenda

- **Frequently asked Questions**
- **Brief overview of**
 - Existing security holder exemption
 - Rights offering exemption

Why the investment dealer exemption?



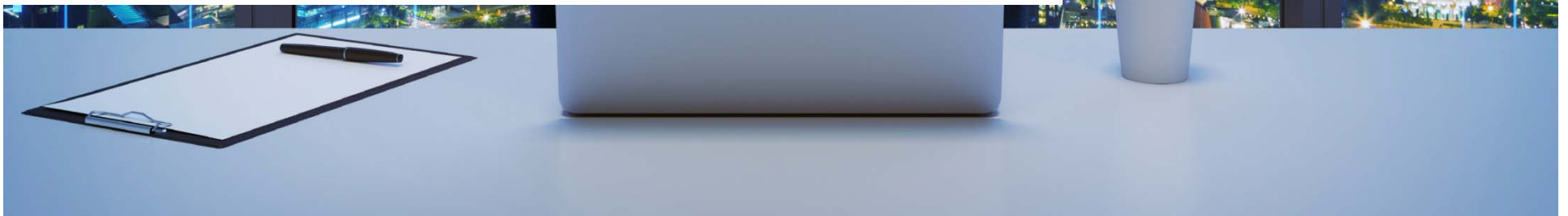
- **Expand retail participation**
- **Recognize continuous disclosure**
- **Invest directly in listed issuers**



Who can use the investment dealer exemption?



- **Reporting issuers**
- **Listed on TSX, TSXV, CSE, Aequitas**
- **Not in default**



Where can the securities be offered?



Who can purchase?



- **Any investor provided that the investor obtains suitability advice**
- **Must purchase as principal**



Who can provide suitability advice?

- **Registered investment dealers**



What is suitability advice?

- **Suitability determination**
 - Know-your-client
 - Know-your-product



What if the investment is not suitable?



- **Dealer must document properly**

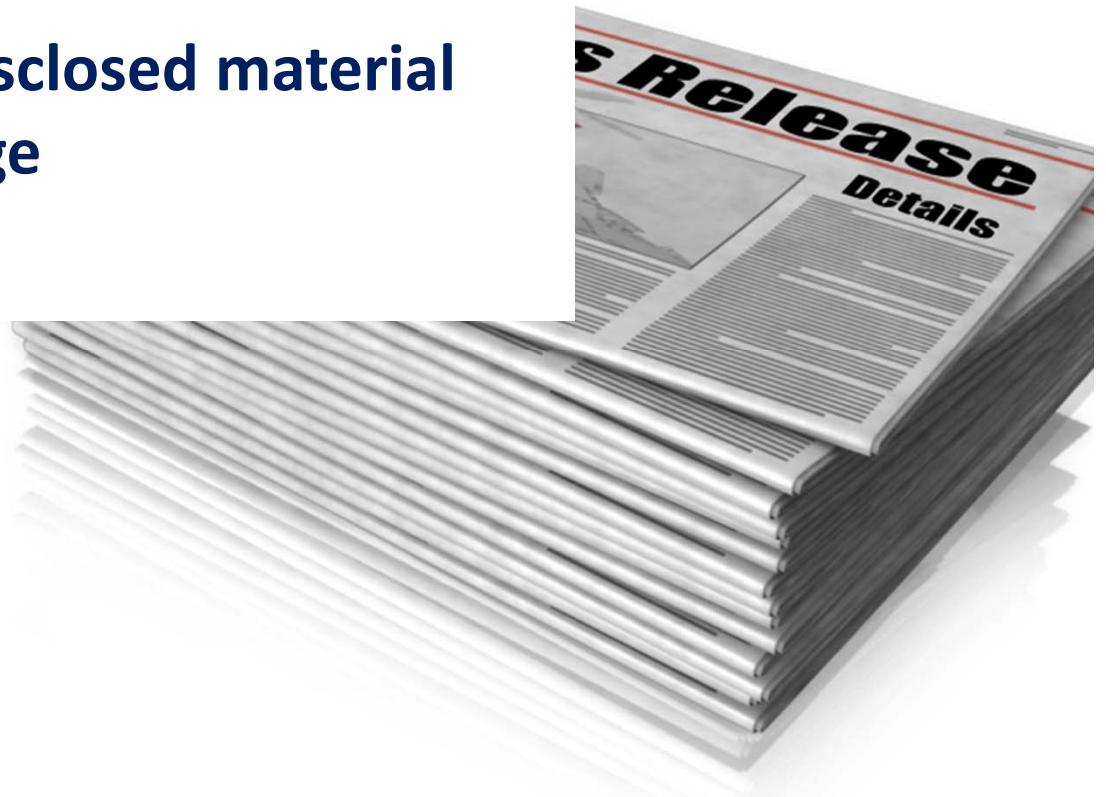
Does the offering need to be brokered?

- **Brokered or non-brokered**
- **Dealer will likely have internal guidelines**



What does the news release need to say?

- Reasonable detail of use of proceeds
- Disclosure of any undisclosed material fact
- Statement of no undisclosed material fact or material change



What securities can be issued?

- **Listed securities**
- **Units consisting of listed securities and warrants**
- **Securities convertible into listed security at holder's sole discretion**



What must the subscription agreement include?

- **Issuer representation**
 - No misrepresentations in documents and core documents
 - No undisclosed material fact or material change
- **Contractual right of action for misrepresentations**

**STOCK
SUBSC
AGREE**

THIS AGREEMENT is made this _____
individual and corporation: _____

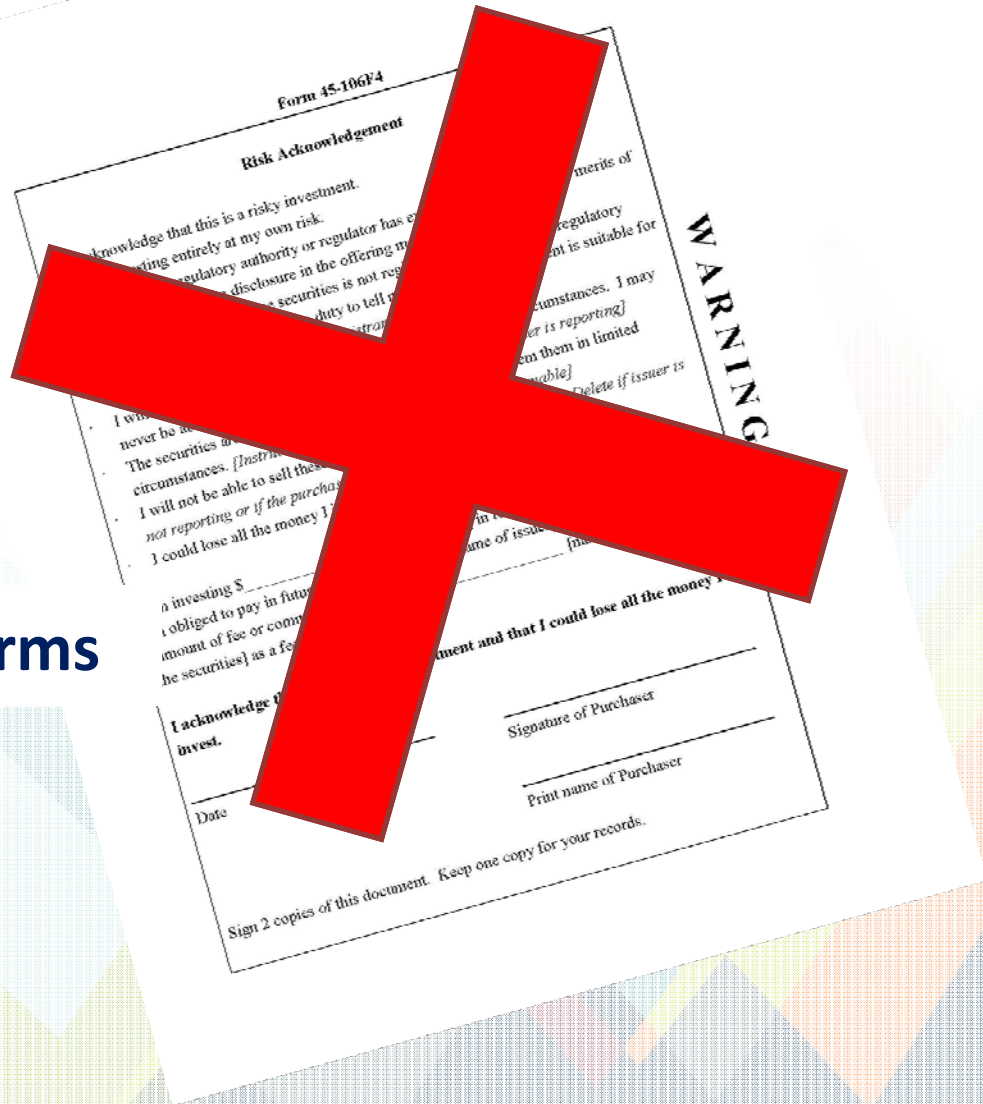
Address: _____
City/State: _____

Address: _____
City/State/ZIP: _____

_____ hereby agree that they shall be co

Is a risk acknowledgement form needed?

- No required forms



Can IDE be combined with other exemptions?

- **Yes**
- **Investors in other jurisdictions can participate if exemption available**



IDE offering with existing security holder offering?

- **Yes**
- **ESE**
 - Available across Canada
 - Conditions



IDE vs. existing security holder exemption?



Can sell to

- Any retail investor with suitability advice
- Any existing security holder up to \$15,000 *without suitability advice*

What are the advantages of using a rights offering?

- Free-trading securities
- Fairness to security holders
- Investors familiar with issuer

Who can use the rights offering exemption?



- **Reporting issuers**
- **No listing requirement**
- **Not in default**

Where can the rights offering be made?

- **All across Canada**
- **Other jurisdictions if exemption available**



Are offering materials required?

- **Notice sent to all security holders and filed with commission**
- **Q&A Circular filed with commission**
- **No pre-distribution review**



What about crowdfunding?



- **Offering memorandum**
- **ESE**
- **IDE**



More information on the new exemptions?

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Questions

