

## QUESTIONS TO ASK BEFORE COMMUNICATING TO POTENTIAL INVESTORS

Securities laws apply to **promotional activity** and **investor relations activities**. When you communicate about a company, that may be promotional activity and/or investor relations activities, no matter what you call the communication or the method you use. Common ways to describe promotional activity and investor relations activities include: “marketing”, “advertising”, “publicity”, “raising awareness”, or “educating the market”. These “campaigns” can be “digital”, “social media”, “advertorials”, or for “[foreign] market awareness” or “business promotion”.

This checklist asks you to think about **some** of the issues that come up when securities laws apply to your communication about a company. It is **not** meant to cover every situation. It is **not** instructions. This checklist is **for information only**, so if you have any questions about what it or your answers mean, you should get professional legal advice.



Am I communicating on behalf of a company, or a security holder of the company? If so:

- have they approved the communication?
  - have they reviewed the communication?
  - who has fact-checked each of the claims made?
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Do I disclose that I am communicating for or on behalf of the company, or security holder of the company? If so, is that disclosure:

- in plain language that identifies the company (or the security holder) by name?
  - in a prominent spot and (if written) in prominent font?
  - designed to catch the attention of the reader or viewer?
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Are any of my statements “one-sided” or an incomplete picture of the company? For example, do I:

- describe only the positives, without also stating material risks?
  - disclose that the company has raised significant funds, but not that it has already spent almost all of that money?
  - discuss sales or revenues, but leave out key details such as: the company is paying a high cost for inputs, the company is paying others to list or sell its products, customers are returning products at a high rate, products have been recalled, or customers will not pay for products until a future date?
- 



Are any of my statements potentially misleading in another way? For example, do I:

- state that the company has assets that it does not own?
  - give percentages (“sales are up 200%”) or factors (“revenue has tripled”) but not underlying numbers (“shipped 3 units this month compare to 1 last month”)?
  - make a strong claim in the headline which is then “watered down” elsewhere in the promotion?
  - use disclaimers that restrict or contradict the main message, particularly if the disclaimer is at the end of the communication, buried in lines of dense fine print, or otherwise hides their true meaning?
  - assert that the BC Securities Commission has approved the merits of any security or the accuracy of the issuer’s disclosure?
  - represent the future value or price of a security?
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Do I mention future events involving a public company (a “reporting issuer”), such as plans, forecasts, projections, or predictions? If so, do I:

- have a reasonable basis for those statements?
- include the specific cautionary language required by [National Instrument 51-102 Continuous Disclosure Obligations](#)?



Do I share scientific or technical information about a mineral project? If so, do I:

- name the “qualified person” who has reviewed and approved that information?
- otherwise follow [National Instrument 43-101 Standards of Disclosure for Mineral Projects](#)?



Do I use non-GAAP financial information for a public company? If so, do I follow [National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure](#)?



Am I communicating about a company quoted on U.S. over-the-counter markets? If so, have I considered [the consequences of doing so from or to British Columbia](#)?

TO LEARN MORE ABOUT THIS TOPIC, VISIT: <http://www.bcsc.bc.ca/promotional-activities>



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