



British Columbia Securities Commission

New Investment Dealer Exemption

February 23, 2016

Why the Investment Dealer Exemption?

- Recognize continuous disclosure
- Expand retail participation with listed issuers

Who can use?

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

Where can the securities be offered?

- Western provinces (BC, AB, SK, MB) and NB

Who can purchase?

- Any investor provided that the investor obtains suitability advice

Who can provide suitability advice?

- Registered investment dealers

What is suitability advice?

- Know-your-client
- Know-your-product

What if the investment is not suitable?

- Purchaser can still invest
- Dealer must document properly

Does the offering need to be brokered?

- Either 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 previously undisclosed material fact
- Statement that there is no undisclosed material fact or material change

What securities can be issued?

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

Is an offering document required?

- No offering document required
- Any offering material provided to investors must be filed

What must the subscription agreement include?

- Issuer representations
 - Documents and core documents don't contain a misrepresentation
 - No undisclosed material fact or material change
- Contractual right of action for misrepresentations

Is a risk acknowledgement form needed?

- Not required

Can the investment dealer exemption be combined with other exemptions?

- Yes (e.g. accredited, existing security holder)
- Investors in other jurisdictions can participate if exemption available

Combined with existing security holder offering?

- Yes
- Existing security holder
 - Available across Canada
 - Conditions

Investment dealer exemption 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 existing security holders

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 and other jurisdictions where exemption available

Are offering materials required?

- Notice sent to all security holders and filed with commission
- Circular filed with commission

Crowdfunding – possible exemptions

- Offering memorandum
- Existing security holder exemption
- Investment dealer exemption

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