

British Columbia Securities Commission

BC Instrument 45-535

Start-up Crowdfunding Registration and Prospectus Exemptions

The British Columbia Securities Commission, considering that to do so would not be prejudicial to the public interest, orders effective June 30, 2016 that BC Instrument 45-535 *Start-up Crowdfunding Registration and Prospectus Exemptions* is varied as follows:

1. *section 7 of BC Instrument 45-535 is amended by*

a. replacing subsection 7(a) with the following:

- (a) does not facilitate its first start-up crowdfunding distribution until the Commission confirms in writing receipt of the following:
 - (i) a completed Form 3 – *Start-up Crowdfunding – Funding Portal Information Form*,
 - (ii) a completed Form 4 – *Start-up Crowdfunding – Funding Portal – Individual Information Form* for each principal of the funding portal, and
 - (iii) such other completed documents and any additional information as may be requested by the Commission;

b. replacing paragraph 7(i)(i) with the following:

- (i) that it is not operated by a registered dealer under Canadian securities legislation, and

c. replacing subsection 7(j) with the following:

- (j) discloses on its website:
 - (i) for each principal of the funding portal, their full legal name, municipality and jurisdiction of residence, business mailing and email address, and business telephone number, and
 - (ii) that the funding portal is relying on the exemption in this Instrument from the dealer registration requirement; ***and***

d. replacing subsection 7(r) with the following:

- (r) returns all funds to a purchaser within five business days of receiving a withdrawal notification under subsection 8(j) from that purchaser; and

2. section 8 of BC Instrument 45-535 is amended by

a. replacing paragraph 8(b)(ii) with the following:

- (ii) operated by an exempt market dealer or investment dealer provided that the issuer has obtained written confirmation from the registered dealer that:
 - (A) it has filed either a completed Form 33-109F5 *Change of Registration Information* or Form 33-109F6 *Firm Registration* that describes its business as including operating a funding portal under this Instrument;
 - (B) the funding portal meets or will meet the conditions set out in subsections 7(m) to 7(s); and
 - (C) prior to allowing any person entry to its website, requires the person to acknowledge that they are entering a website of a funding portal:
 - (a) that is operated by an investment dealer or an exempt market dealer, as applicable, under Canadian securities legislation, and
 - (b) that will provide advice about the suitability of the eligible security;

3. section 9(b) of BC Instrument 45-535 is amended by replacing it with the following:

- (b) a report in Form 45-106F1 *Report of Exempt Distribution*.

4. by adding the following section after section 11:

- 12. Despite section 11, paragraph 7(j)(ii) comes into effect on August 1, 2016.

5. by adding the following section after section 12:

- 13. The issuer may prepare an offering document in accordance with this Instrument as it read on the first date that the offering document was made available on the funding portal's website.

6. **Form 1 to BC Instrument 45-535 is amended by replacing section (1) in the General Instructions with the following:**

(1) Filing Instructions

An issuer relying on the start-up crowdfunding prospectus exemption is required to file the offering document no later than the 30th day after the closing of the distribution as follows:

- **In all participating jurisdictions (except British Columbia)** – file this form through the System for Electronic Document Analysis and Retrieval (SEDAR) in accordance with National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR).
- **In British Columbia** – through BCSC eServices at <http://www.bcsc.bc.ca>.

This offering document and all amendments must be filed where the issuer has made a start-up crowdfunding distribution, as well as in the participating jurisdiction where the issuer's head office is located.

7. **Form 1 to BC Instrument 45-535 is amended by replacing section (5) in the General Instructions with the following:**

(5) This offering document is to be provided to your funding portal which has to make it available on its website. If the information contained in this offering document no longer applies or is no longer true, you must immediately amend the document and send the new version to the funding portal.

8. **Form 1 to BC Instrument 45-535 is amended by replacing section (6) in the General Instructions with the following:**

(6) For information on how to complete this form and for information relating to the filing of this form, please refer to the Start-up Crowdfunding Guide for Businesses available on the website of the securities regulatory authority or regulator of the participating jurisdictions.

9. **Form 1 to BC Instrument 45-535 is amended by adding the following item after item 5.8:**

5.9 Include the following statement, in bold type:

“Note: The minimum offering amount stated in this offering document may be satisfied with funds that are unconditionally available to [insert name of issuer] that are raised by concurrent distributions using other prospectus exemptions without having to amend this offering document.”

10. ***Form 1 to BC Instrument 45-535 is amended by adding the following item after item 6.5:***

6.6 Describe the number and type of securities of the issuer outstanding as at the date of the offering document. If there are securities outstanding other than the eligible securities being offered, please describe those securities.

11. ***Form 1 to BC Instrument 45-535 is amended by deleting the heading “Securities regulatory authority and regulators of the participating jurisdictions:” and by deleting all the text following that heading.***

12. ***Form 1 to BC Instrument 45-535 is amended by adding the following text at the end of Form 1:***

Questions:

Refer any questions to the following participating jurisdictions:

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Telephone: 604-899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: 604-899-6581
E-mail: inquiries@bcsc.bc.ca
www.bcsc.bc.ca

Saskatchewan

Financial and Consumer Affairs Authority of
Saskatchewan
Securities Division
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: 306-787-5645
Fax: 306-787-5842
E-mail: exemptions@gov.sk.ca
www.fcaa.gov.sk.ca

Manitoba

The Manitoba Securities Commission
500 - 400 St Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: 204-945-2548
Toll free in Manitoba: 1-800-655-2548
Fax: 204-945-0330
E-mail: exemptions.msc@gov.mb.ca
www.mbsecurities.ca

Québec

Autorité des marchés financiers
Direction du financement des sociétés
800, rue du Square-Victoria, 22nd floor
P.O. Box 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: 514-395-0337
Toll free in Québec: 1-877-525-0337
Fax: 514-873-3090
E-mail: financement-participatif@lautorite.qc.ca
www.lautorite.qc.ca

New Brunswick

Financial and Consumer Services Commission
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Toll free: 1-866-933-2222
Fax: 506-658-3059
E-mail: emf-md@fcnb.ca
www.fcnb.ca

Nova Scotia

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Halifax, Nova Scotia B3J 1P3
Telephone: 902-424-7768
Toll free in Nova Scotia: 1-855-424-2499
Fax: 902-424-4625
E-mail: nssc.crowdfunding@novascotia.ca
nssc.novascotia.ca

13. ***Form 3 to BC Instrument 45-535 is amended by replacing section (3) in the General Instructions with the following:***

(3) Question 7 and questions 9 to 16: Please check the appropriate space provided. If your answer to any of these questions is “Yes”, you must, in an attachment, provide complete details, including the circumstances, relevant dates, names of the parties involved and final disposition, if known. Responses must consider all time periods.

14. ***Form 3 to BC Instrument 45-535 is amended by adding the following section after section (3) in the General Instructions:***

(4) An attachment in response to any question must be signed and dated by the authorized individual certifying this form.

15. ***Form 3 to BC Instrument 45-535 is amended by renumbering the sections in the General Instructions in sequential order.***

16. ***Form 3 to BC Instrument 45-535 is amended by adding the following footnote to section 1(d) under the heading “FUNDING PORTAL INFORMATION”:***

¹ If the funding portal’s head office is not located in one of the participating jurisdictions, then, unless exemptive relief is obtained, the funding portal may be in violation of the dealer registration requirement in that jurisdiction. Please refer to the *Start-up Crowdfunding Guide for Funding Portals* for more information.

17. ***Form 3 to BC Instrument 45-535 is amended by replacing section 8 under the heading “FUNDING PORTAL INFORMATION” with the following:***

8. Describe the legal structure of the funding portal and indicate the jurisdiction where the funding portal is incorporated or organized. Some participating jurisdictions may require additional documents. Please refer to the *Start-up Crowdfunding Guide for Funding Portals* for more information.

18. ***Form 3 to BC Instrument 45-535 is amended by replacing section 17 under the heading “FINANCIAL DISCLOSURE” with the following:***

17. Provide details on the process and procedure for handling all funds in relation to the start-up crowdfunding distribution in a designated trust account at a Canadian financial institution, including:

- (a) the name of the Canadian financial institution the funding portal will use;
- (b) the names of the signatories on this account and their role with the funding portal;
- (c) details of how the funds held in this account will be separate and apart from the funding portal’s own property;

- (d) a copy of the trust agreement, or details surrounding the establishment of this account. If the funding portal does not have a trust agreement or an account, please explain;
- (e) details regarding how funds will flow:
 - i. from purchasers to the funding portal's account;
 - ii. from the funding portal's account to the issuer in the event that the start-up crowdfunding distribution closes; and
 - iii. from the funding portal's account back to the purchasers in the event that the start-up crowdfunding distribution does not close or the purchaser has exercised their right of withdrawal.

19. Form 3 to BC Instrument 45-535 is amended by adding the following after section 17:

FUNDING PORTAL WEBSITE

18. Provide access to the funding portal's website in a test environment when complete and ready for viewing.

20. Form 3 to BC Instrument 45-535 is amended by replacing all the text under the heading "COLLECTION AND USE OF INFORMATION" and before the heading "CERTIFICATION" with the following:

The information required under this form is collected, used and disclosed by the securities regulatory authority or, where applicable, regulator of the participating jurisdictions under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

By submitting this form, the funding portal:

- acknowledges that the securities regulatory authority or regulator may collect personal information about the individuals referred to in this form or information about the funding portal,
- confirms that the individuals referred to in this form have been notified that their personal information is disclosed on this form, the legal reason for doing so, how it will be used and who to contact for more information, and
- consents to the posting on the website of the securities regulatory authority or regulator of:
 - i. the name that the funding portal will be operating under,
 - ii. the website address for the funding portal, and

iii. the funding portal's reliance on a dealer registration exemption.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or regulator in any participating jurisdiction in which this form is delivered. Contact information is listed at the end of this form.

21. Form 3 to BC Instrument 45-535 is amended by replacing all the text under the heading "CERTIFICATION" with the following:

By signing this form, the funding portal undertakes:

- to comply with all of the applicable conditions set out in the start-up crowdfunding registration and prospectus exemptions of each participating jurisdiction where this form is delivered, and
- to provide upon request to the securities regulatory authority or regulator of a participating jurisdiction access to the books and records maintained at its head office in accordance with the start-up crowdfunding registration and prospectus exemptions.

On behalf of the funding portal, I certify that the statements made in this form are true and complete.

Full legal name of
funding portal:

Signature of
authorized individual:

Date:

Print name of
authorized individual:

Position held:

Telephone:

E-mail:

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS FORM

Deliver by e-mail to the securities regulatory authority or regulator of each applicable participating jurisdiction:

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Telephone: 604-899-6854
Toll free in Canada: 1-800-373-6393
E-mail: portal@bcsc.bc.ca
www.bcsc.bc.ca

Saskatchewan

Financial and Consumer Affairs Authority of
Saskatchewan
Securities Division
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: 306-787-5645
E-mail: registrationfcaa@gov.sk.ca
www.fcaa.gov.sk.ca

Manitoba

The Manitoba Securities Commission
500 - 400 St Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: 204-945-2548
Toll free in Manitoba: 1-800-655-2548
E-mail: exemptions.msc@gov.mb.ca
www.mbsecurities.ca

Québec

Autorité des marchés financiers
Direction du financement des sociétés
800, rue du Square-Victoria, 22nd floor
P.O. Box 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: 514-395-0337
Toll free in Québec: 1-877-525-0337
E-mail: financement-participatif@lautorite.qc.ca
www.lautorite.qc.ca

New Brunswick

Financial and Consumer Services Commission
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Toll free: 1-866-933-2222
E-mail: emf-md@fcnb.ca
www.fcnb.ca

Nova Scotia

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Halifax, Nova Scotia B3J 1P3
Telephone: 902-424-7768
Toll free in Nova Scotia: 1-855-424-2499
E-mail: nssc.crowdfunding@novascotia.ca
nssc.novascotia.ca

- 22. Form 4 to BC Instrument 45-535 is amended by replacing section (4) in the General Instructions with the following:**
- (4) Question 5 and questions 11 to 23: Please check the appropriate space provided. If your answer to any of these questions is “Yes”, you must, in an attachment, provide complete details, including the circumstances, relevant dates, names of the parties involved and final disposition, if known. Responses must consider all time periods.*
- 23. Form 4 to BC Instrument 45-535 is amended by adding the following section after section (4) in the General Instructions:**
- (5) An attachment in response to any question must be signed and dated by the individual certifying this form.*
- 24. Form 4 to BC Instrument 45-535 is amended by renumbering the sections in the General Instructions in sequential order.**
- 25. Form 4 to BC Instrument 45-535 is amended by adding the following section after section 1 under the heading “FUNDING PORTAL INFORMATION”:**
2. Provide the name that the funding portal will be operating under.
- 26. Form 4 to BC Instrument 45-535 is amended by renumbering, in sequential order, the sections in the body of the Form.**
- 27. Form 4 to BC Instrument 45-535 is amended by replacing all the text after the heading “IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS FORM” with the following:**

Deliver by e-mail to the securities regulatory authority or regulator of each applicable participating jurisdiction:

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Telephone: 604-899-6854
Toll free in Canada: 1-800-373-6393
E-mail: portal@bcsc.bc.ca
www.bcsc.bc.ca

Saskatchewan

Financial and Consumer Affairs Authority of
Saskatchewan
Securities Division
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: 306-787-5645
E-mail: registrationfcaa@gov.sk.ca
www.fcaa.gov.sk.ca

Manitoba

The Manitoba Securities Commission
500 - 400 St Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: 204-945-2548
Toll free in Manitoba: 1-800-655-2548
E-mail: exemptions.msc@gov.mb.ca
www.mbsecurities.ca

Québec

Autorité des marchés financiers
Direction du financement des sociétés
800, rue du Square-Victoria, 22nd floor
P.O. Box 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: 514-395-0337
Toll free in Québec: 1-877-525-0337
E-mail: financement-participatif@lautorite.qc.ca
www.lautorite.qc.ca

New Brunswick

Financial and Consumer Services Commission
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Toll free: 1-866-933-2222
E-mail: emf-md@fcnb.ca
www.fcnb.ca

Nova Scotia

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Halifax, Nova Scotia B3J 1P3
Telephone: 902-424-7768
Toll free in Nova Scotia: 1-855-424-2499
E-mail: nssc.crowdfunding@novascotia.ca
nssc.novascotia.ca

so that the instrument reads as attached.

Dated June 29, 2016.

Brenda M. Leong
Chair

(This part is for administrative purposes only and is not part of the Order)

Authority under which Order is made:

Act and sections:- *Securities Act*, sections 48, 76 and 171