

British Columbia Securities Commission

BC Instrument 72-505

Exemption from prospectus requirement for crowdfunding distributions to purchasers outside British Columbia

The British Columbia Securities Commission, considering that to do so would not be prejudicial to the public interest, orders effective May 5, 2017 that BC Instrument 72-505 *Exemption from prospectus requirement for crowdfunding distributions to purchasers outside British Columbia* is varied as follows:

- 1. section 2 of BC Instrument 72-505 is amended by replacing the definition of “MI 45-108” with the following:***

“MI 45-108” means Multilateral Instrument 45-108 Crowdfunding

- 2. section 6 of BC Instrument 72-505 is amended by replacing it with the following:***

This order comes into effect on May 6, 2016.

so that the instrument reads as attached.

May 5, 2017

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 76 and 171

BC Instrument 72-505

Exemption from prospectus requirement for crowdfunding distributions to purchasers outside British Columbia

Definitions

1. Terms defined in the *Securities Act* or National Instrument 14-101 *Definitions* have the same meaning in this Instrument.
2. In this Instrument:
 - “MI 45-108” means Multilateral Instrument 45-108 *Crowdfunding*;
 - “NI 45-102” means National Instrument 45-102 *Resale of Securities*; and
 - “start-up crowdfunding exemption” means British Columbia Instrument 45-535 *Start-up Crowdfunding Registration and Prospectus Exemptions*.

Exemption for crowdfunding outside British Columbia

3. The Commission, considering that to do so would not be prejudicial to the public interest, orders that the prospectus requirement does not apply to a distribution by an issuer of a security of its own issue if all of the following conditions are met:
 - (a) the distribution is not made to a purchaser resident in British Columbia;
 - (b) the purchaser purchases the security as principal;
 - (c) the purchaser certifies in the subscription agreement that the purchaser is not resident in British Columbia and the issuer does not believe, and has no reasonable grounds to believe, that the certification is false;
 - (d) the issuer complies with the requirements of MI 45-108 in the jurisdiction where the purchaser is resident; and
 - (e) if the issuer is concurrently offering securities to a purchaser resident in British Columbia using the start-up crowdfunding exemption, the issuer provides the purchaser resident in British Columbia the same disclosure it has provided to purchasers in other jurisdictions under MI 45-108 before the issuer distributes securities to the purchaser under the start-up crowdfunding exemption.

Resale Restrictions

4. The first trade of a security distributed under this Instrument is subject to section 2.5 of NI 45-102.

Post-Distribution Disclosure Requirements

5. An issuer that distributes a security under this Instrument must

- (a) no later than 10 days after the distribution,
 - (i) file with the Commission a copy of the report of exempt distribution the issuer is required to file with the securities regulatory authority in the jurisdiction where the purchaser is resident, and
 - (ii) deliver to the Commission a copy of any offering material that the issuer is required to file with, or deliver to, the securities regulatory authority in the jurisdiction where the purchaser is resident;
- (b) deliver to the Commission a copy of any ongoing disclosure documents or materials the issuer is required to deliver to the securities regulatory authority in the jurisdiction where the purchaser is resident at the same time such materials are required to be delivered in the other jurisdiction; and
- (c) make the ongoing disclosure documents or materials referred to in paragraph 5(b) reasonably available to all persons resident in British Columbia that acquired or will acquire securities under the start-up crowdfunding exemption at the same time such materials are made available in the other jurisdiction.

Effective date

6. This order comes into effect on May 6, 2016.

May 6, 2016

Amended May 5, 2017

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

Authority under which Order is made:

Act and section: *Securities Act*, section 76