

## Crowdfunding Exemptions

### Prospectus Exemption

- Maximum size per offering of \$100,000. Not available for secondary trades.
- Issuers, promoters, directors and officers limited to having no more than two offerings open in a year, unless they have applied for an exemption.
- Limit each offering to six months
- Process:
  - Ten day pre-offering notice, information document that sets out the basics of the offering, and an investor risk warning must be filed with our office. Offerings will go forward automatically at the end of ten days, unless we identify concerns.
  - Promoters, directors and officers to sign and consent to a Canadian Police Information Centre (CPIC) check.
  - The information document will not trigger statutory rights of action for misrepresentation; however, common law rights will still apply.
  - The information document and the investor warning must be electronically disclosed to investors before the purchase is made.
- No commissions payable to issuers or their employees/agents.
- Any type of entity can use this exemption.
- No limit on the type of securities that can be offered.
- Sufficient funds must be raised under an offering to complete the project.
- Any investor can purchase securities, but will be limited to a maximum purchase of \$1,000 per offering. However, investors will not be limited in the number of offerings they can participate in annually.
- Reports of trade will be filed with FCAA within 30 days of the offering's close.
- Impose hold and seasoning periods on first trades of securities purchased

- Fees:
  - No fee for this exemption payable to FCAA.
  - Online funding portals may charge fees.
- No ongoing financial disclosure requirements.
- The exemption will sunset in two years. During the sunset period we will be firm on the terms of this exemption.
- An issuer kit will make this exemption easy to use.

#### Registration Exemption for Online Funding Portals

- We are contacting portals to discuss this proposal with them.
- The portals will operate much as they do now for non-securities related offerings.
- Online funding portals will not be required to register with FCAA.
- The exemption will prohibit the portals from giving investment advice.

There will be no registrant obligations such as “know your client” and “suitability” requirements.

- Issuers using this prospectus exemption should not need a registration exemption as they will likely not be in the business of trading in securities. If they are in the business of trading in securities we may have concerns with them using this exemption and we will want them to talk to us.

#### General

- Staff will develop a monitoring, compliance and enforcement plan for these exemptions.
- If these exemptions are not adopted by other jurisdictions, these exemptions will likely be limited by law to Saskatchewan issuers and Saskatchewan investors.

If you have any additional comments or questions, please contact Dean Murrison, Director of the Securities Division at 306.787.5842 or [dean.murrison@gov.sk.ca](mailto:dean.murrison@gov.sk.ca)