General Order 45-925
Saskatchewan Equity Crowdfunding Exemption

In the Matter of
The Securities Act, 1988

Order

WHEREAS the Financial and Consumer Affairs Authority of Saskatchewan (the Authority) has assigned to the Director of the Securities Division the power to make exemption orders under provisions of *The Securities Act, 1988* (the Act) including orders of general application;

AND WHEREAS an application has been received from the staff (the Staff) of the Authority pursuant to section 83 of the Act for an order that the registration requirements in section 27 of the Act and the prospectus requirements in of section 58 of the Act do not apply to certain trades made through online funding portals (the Portals) (the crowdfunding trades);

AND WHEREAS it has been represented to the Authority that:

1. There may currently be a gap in the exemption regime under the Act that makes it burdensome for start-up and small business to raise capital;

2. Small businesses or creative projects are currently raising funds from the public in Saskatchewan through Portals from donations or the pre-selling of products (crowdfunding);

3. Small businesses or creative projects could benefit from being able to raise capital in Saskatchewan through Portals by selling securities like shares, limited partnership units and promissory notes (equity crowdfunding); and

4. It is possible to allow equity crowdfunding and adequately protect the public interest by placing conditions on such an exemption that limits the risk to investors;

AND WHERAS the Authority is of the opinion that it is not prejudicial to the public interest to make this Order;

IT IS HEREBY ORDERED pursuant to section 83 of the Act that section 58 of the Act does not apply to the crowdfunding trades provided that:

1. The trade is carried out through a Portal and payment for the securities is made through the Portal;

2. The trade is a trade by the issuer in securities of its own issue facilitated by the Portal;

3. The issuer is not a reporting issuer or an investment fund;

4. The issuer files a Form GO45-925F1 *Issuer Information* ten business days prior to beginning to trade;

5. The offering size is no more than $150,000;

6. The securities being offered are not derivatives;

7. The issuer and its promoters, directors, officers and control persons do not used this exemption anymore than two times in a calendar year;

8. Each promoter, director, officer and control person of the issuer file a Form GO45-925F2 *Individual Information* ten business days prior to beginning to trade;

9. The offering period is no longer than six months;

10. The issuer uses an offering document following Form GO45-925F3 *Offering Document* to conduct the trade, such to be made available through the Portal to investors, and files the offering document ten business days prior to beginning to trade;

11. The offering document must disclose how the funds raised will be used and set a minimum offering amount to close the offering, which must be equal to the amount needed to carry out the purpose for which the funds are sought as set out in the offering document;

12. The minimum amount to close the offering set in paragraph 11 may be reduced by any other amount available for the purpose set out in the offering document, as long as the offering document discloses that these other funds are unconditionally available to the issuer;

13. There can be no concurrent offering by the issuer or other issuer for the same project;

14. No commission or other amounts are paid to the issuer or its promoters, directors, officers, control persons, employees or agents with respect to the trade;

15. No person may invest more than $1,500 in any offering made under this Order;

16. The issuer files a report of trades in Form GO45-925F4 *Report of Trades* within 30 days after the offering closes; and

17. The first trade of securities traded pursuant to this Order are subject to the provisions of National Instrument 45-102 *Resale of Securities* as if they were acquired under section 2.5 of National Instrument 45-106 *Prospectus and Registration Exemptions*;

IT IS HEREBY FURTHER ORDERED pursuant to section 83 of the Act that section 27 of the Act does not apply to a Portal facilitating crowdfunding trades provided that:

1. The Portal files Form GO 45-925F5 *Portal Information* thirty days prior to beginning to facilitate crowdfunding trades;

2. Each promoter, director, officer and control person of the owner of the Portal files a Form GO45-925F6 *Portal Individual Information* thirty days prior to the Portal beginning to facilitate crowdfunding trades;

3. The Portal provides no advice; and

4. The Portal:

    a. Makes the offering document of the issuer and the *Important Risk Warnings* set out in Schedule A to this Order separately available to investors electronically online;

    b. Does not allow an investment until the investor confirms online they have read and understood the offering document and *Important Risk Warnings*;

    c. Does not release funds to the issuer until the minimum amount to close the offering has been reached and until that time ensures that all the funds received for the offering are held in trust for the investors;

    d. When the offering is closed, provides the issuer with the details of the investors (name, address, telephone number, email address, details of purchase) within 15 days of closing of the offering;

    e. Ensure issuers and investors have an address in Saskatchewan;

IT IS HEREBY FURTHER ORDERED pursuant to section 83 of the Act that this Order expires three years from the date of this Order;

Dated November , 2013

Dean Murrison
Director
Securities Division

Schedule A

Important Risk Warnings

I understand that I might not make any money from this investment, I could lose my entire investment, and it will be very difficult to “cash in” on this type of investment.

I have read and understood the Offering Document.

This investment opportunity has not been “approved” in any way by the Financial and Consumer Affairs Authority of Saskatchewan, or by anyone else.

I understand that I have not received any advice about this investment from the portal or the Government of Saskatchewan. If I want guidance, I know that I need to seek professional investment advice.

I understand that I do not have the same legal rights that I have when investing through a “prospectus offering.”

I currently reside in Saskatchewan.