

B.2.5 Ontario Instrument 45-509 Report of Distributions under the Self-Certified Investor Prospectus Exemption (Interim Class Order)

Ontario Securities Commission

Ontario Instrument 45-509

Report of Distributions under the Self-Certified Investor Prospectus Exemption (Interim Class Order)

The Ontario Securities Commission, considering that to do so would not be prejudicial to the public interest, orders that effective May 9, 2024, Ontario Instrument 45-509 entitled “Report of Distributions under the Self-Certified Investor Prospectus Exemption (Interim Class Order)” is made.

May 9, 2024

“Grant Vingoe”

D. Grant Vingoe
Chief Executive Officer
Ontario Securities Commission

Authority under which the order is made:

Act and section: *Securities Act*, subsection 143.11(2)

Ontario Securities Commission

Ontario Instrument 45-509

Report of Distributions under the Self-Certified Investor Prospectus Exemption (Interim Class Order)
(the Order)

Interpretation

1. In this Order:

“NI 45-106” means [National Instrument 45-106 Prospectus Exemptions](#);

“OI 45-507” means [Ontario Instrument 45-507 Self-Certified Investor Prospectus Exemption \(Interim Class Order\)](#);

“reporting period” means a period commencing on any of the following:

- (a) May 9, 2024 and ending on June 30, 2024;
- (b) July 1, 2024 and ending on September 30, 2024;
- (c) October 1, 2024 and ending on December 31, 2024;
- (d) January 1, 2025 and ending on March 31, 2025;
- (e) April 1, 2025 and ending on June 30, 2025;
- (f) July 1, 2025 and ending on September 30, 2025;
- (g) October 1, 2025 and ending on October 25, 2025.

2. Terms defined in the [Act](#) and in [OI 45-507](#) have the same meaning if used in this Order, unless otherwise defined.

Background

3. In April 2021, the legislative mandate of the Commission to protect investors from unfair, improper or fraudulent practices, foster fair and efficient capital markets and contribute to stability of the financial system and the reduction of systemic risk was expanded to expressly include fostering capital formation and competitive capital markets. This expanded mandate provides additional areas of focus for the Commission’s operational and policy development activities, as well as its approach to regulatory decisions.
4. On October 25, 2022, the Commission adopted [OI 45-507](#), which creates a time-limited prospectus exemption that allows purchasers in Ontario, who may not meet the financial thresholds or other criteria required to qualify as an Accredited Investor, to invest in issuers provided that they meet other criteria intended to demonstrate financial knowledge, investment knowledge or relevant industry-specific experience and acknowledge that they understand certain investment considerations and risks. Issuers distributing securities under [OI 45-507](#) are required to file a [Form 45-106F1 Report of Exempt Distribution](#), together with the completed Confirmation of Qualifying Criteria and the applicable fee, on or before the 10th day after the closing of the distribution.
5. To reduce regulatory burden, the Commission is introducing time-limited exemptive relief from the reporting requirement under [OI 45-507](#), provided that the issuer complies with certain conditions.
6. The Commission is making this Order alongside three other Commission initiatives aimed at fostering early-stage capital raising for small businesses in Ontario, namely, [OSC Rule 45-508 Extension to Ontario Instrument 45-507 Self-Certified Investor Prospectus Exemption](#), [Ontario Instrument 32-508 Not-For-Profit Angel Investor Group Registration Exemption \(Interim Class Order\)](#) and [Ontario Instrument 32-509 Early-Stage Business Registration Exemption \(Interim Class Order\)](#).
7. These initiatives are time-limited and are being introduced together through OSC TestLab, a Commission program which uses testing to accelerate the evaluation of capital market innovations and new approaches to regulation to advance responsible innovation in Ontario’s capital markets and economic growth for Ontario. Insights from these initiatives will provide valuable input to inform the Commission’s efforts to modernize the regulatory environment.

Class Orders under the Securities Act

8. Under subsection 143.11(2) of the [Act](#), if the Commission considers that it would not be prejudicial to the public interest to do so, the Commission may, on application by an interested person or company or on its own initiative, make an order exempting a class of persons or companies, trades, intended trades, securities or derivatives from any requirement of

B.2: Orders

Ontario securities law on such terms or conditions as may be set out in the order, effective for a period of no longer than 18 months after the day on which it comes into force unless extended pursuant to paragraph (b) of subsection 143.11(3) of the [Act](#).

9. The Commission is satisfied that it would not be prejudicial to the public interest to provide, on an interim basis, the exemption set out below, subject to the conditions of this Order.

Exemption

10. The requirement to file a completed [Form 45-106F1 Report of Exempt Distribution](#), together with the completed Confirmation of Qualifying Criteria and the applicable fee, in subsection 12(g) of [OI 45-507](#) does not apply to a distribution by an issuer of securities of its own issue provided that the issuer delivers to the Commission, for each reporting period in which the issuer distributed securities while relying on [OI 45-507](#), a completed [Form 45-509F1 Alternative Report of Exempt Distribution](#) within 30 days of the end of the reporting period.

Effective date and term

11. This Order comes into effect on May 9, 2024 and will cease to be effective on the earlier of the following:
- (a) October 25, 2025;
 - (b) the effective date of an amendment to [NI 45-106](#) that addresses substantially the same subject matter as this Order.

Appendix A

Form 45-509F1 *Alternative Report of Exempt Distribution*

General Instructions:

Who is to complete this report?

This report is to be completed by issuers (i.e., businesses) that have distributed securities under:

- the accredited investor prospectus exemption set out in section 73.3 of the [Securities Act](#) and section 2.3 of [National Instrument 45-106 Prospectus Exemptions](#) if the issuer relied on the registration exemption set out in [Ontario Instrument 32-509 Early-Stage Business Registration Exemption \(Interim Class Order\)](#), or
- the self-certified investor prospectus exemption set out in [Ontario Instrument 45-507 Self-Certified Investor Prospectus Exemption \(Interim Class Order\)](#) (regardless of whether the issuer relied on the registration exemption set out in [Ontario Instrument 32-509 Early-Stage Business Registration Exemption \(Interim Class Order\)](#)).

If the issuer distributed securities under the accredited investor prospectus exemption set out in section 73.3 of the [Securities Act](#) and section 2.3 of [National Instrument 45-106 Prospectus Exemptions](#) but did not rely on the registration exemption set out in [Ontario Instrument 32-509 Early-Stage Business Registration Exemption \(Interim Class Order\)](#), the issuer is to report the distribution using [Form 45-106F1 Report of Exempt Distribution](#).

This report is to be completed by the issuer or by an agent for the issuer (e.g., law firm, dealer).

What is to be completed?

This report consists of this form and [Schedule 1](#).

All dollar amounts in the report must be in Canadian dollars.

What is a distribution?

A distribution of securities includes, among other things, a trade in securities of an issuer that have not been previously issued. See subsection 1(1) of the [Securities Act \(Ontario\)](#) for the definition of "distribution".

How is this report filed?

This form is available on the Ontario Securities Commission website and is to be completed and submitted online.

Where can I get more information on how to complete this report?

Further information on how to complete and file this report can be found here: www.oscinnovation.ca

1. Filing Information

- (a) Is this a new report or are you correcting a previous report? Check one option:
New report Correcting a previous report
- (b) If correcting a previous report, provide the submission number of the report being corrected: _____

2. Issuer Information

- (a) Full legal name: _____
- (b) Trade or operating name (if different than the full legal name):

- (c) If this is the first filing of an Alternative Report of Exempt Distribution, has the issuer previously distributed securities to raise money from investors (including friends and family)?
Yes No
- (d) Is the issuer relying on [Ontario Instrument 32-509 Early-Stage Business Registration Exemption \(Interim Class Order\)](#)?
Yes No
If yes, go to Item 3.
- (e) Does the issuer have a [SEDAR+](#) profile number?
Yes No
If yes, provide the issuer's [SEDAR+](#) profile number: _____
If no, provide the information in sections 2(f) and 2(g) below:
- (f) Head office address (do not include a P.O. box or agent for service):
Street address: _____
Municipality: _____ Province: Ontario Postal Code: _____
Telephone number: _____ Website: _____
- (g) Year of formation: _____
- (h) Primary industry
Provide the issuer's North American Industry Classification Standard (NAICS) code (6 digits only) that in your reasonable judgment most closely corresponds to the issuer's primary business activity. You can search for NAICS codes [here](#). You may have been required to provide a NAICS code as part of your business registration or incorporation process in Ontario.
NAICS code: _____

3. Other Issuer Information

- (a) Total number of employees: 0-5 6-25 26-50 51-99 100+
Number of employees in Ontario: _____
- (b) Size of issuer's revenue
Select the issuer's revenue range at the end of its most recently completed financial year. If the issuer has been operating for less than a year, select "No revenue".
No revenue \$1 to under \$250,000 \$250,000 to under \$1M \$1M to under \$5M \$5M+

4. Offering Information

- (a) Reporting period

State the calendar quarter in which the distribution(s) being reported in this filing took place. For example, if the distribution(s) being reported took place between October 1 to December 31, 2024, please indicate "Quarter: 4, Year: 2024".

If distributions occur at the end of one period and at beginning of another, a report would need to be filed for each period. For example, for distributions completed on June 30 and July 1, 2024, a Q2 2024 filing would need to be made for the June 30 distribution, and a Q3 2024 filing for the July 1 distribution.

Quarter: ___ Year: ____

- (b) Detailed purchaser information

Complete [Schedule 1](#) of this report with the distribution information for each purchaser. [Schedule 1](#) is to be completed in an excel spreadsheet and is available on the Ontario Securities Commission's website [here](#). [Schedule 1](#) has two tabs that are to be completed – one tab for purchaser information and one tab for compensation information. Other tabs provide more information on how to complete the spreadsheet. Attach the completed [Schedule 1](#) here.

[Attach file]

- (c) Summary of distribution

For the distribution(s) being reported in this report, state the total dollar amount of securities distributed and the number of purchasers for each exemption relied on.

Prospectus exemption relied on	Number of unique purchasers	Total amount (\$)
Self-Certified Investor		
Accredited Investor*		
Total		

* If relying on [Ontario Instrument 32-509 Early-Stage Business Registration Exemption \(Interim Class Order\)](#)

Types of securities distributed (select all that apply):

- (a) ___ common shares
- (b) ___ non-convertible preference shares
- (c) ___ securities convertible into a security referred to in (a) or (b)
- (d) ___ non-convertible debt securities linked to a fixed or floating interest rate
- (e) ___ units of a limited partnership
- (f) ___ shares in the capital of a cooperative, as defined in subsection 2(1) of the [Canada Cooperatives Act \(Canada\)](#) or a co-operative incorporated under the [Co-operative Corporations Act \(Ontario\)](#)
- (g) ___ other (only applicable to filers not relying on [Ontario Instrument 32-509 Early-Stage Business Registration Exemption \(Interim Class Order\)](#))

5. Offering Materials

Attach any offering materials that are required to be filed with or delivered to the Ontario Securities Commission. If these offering materials have been previously filed with or delivered to the Ontario Securities Commission, you do not need to do so again.

[Attach file(s)]

6. Certification

By signing below, I certify, on behalf of the issuer/agent, to the Ontario Securities Commission that I have reviewed this report and, to my knowledge, having exercised reasonable diligence, the information provided in this report is true and, to the extent required, complete.

Certified on behalf of: Issuer ___ Agent ___
Family name: _____ First given name: _____
Name of issuer/agent: _____
Title: _____ Email address: _____ Phone #: _____
Signature: _____ Date (YYYY-MM-DD): _____

7. Contact Person

Provide the following contact information for the individual whom the Ontario Securities Commission may contact with any questions regarding the contents of this report, if different than the individual certifying the report in Item 6.

Family name: _____ First given name: _____
Name of issuer/agent: _____
Title: _____ Email address: _____ Phone #: _____

Notice - Collection and use of personal information

The personal information required under this form is collected on behalf of and used by the Ontario Securities Commission under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, you may contact the Innovation Office at:

Ontario Securities Commission
20 Queen Street West, 20th Floor
Toronto, Ontario, M5H 3S8

Telephone: 416-596-4266
Email: TestLab@osc.gov.on.ca

[Schedule 1](#) may contain personal information of individuals and details of the distribution(s). The information in [Schedule 1](#) will not be placed on the public file of the Ontario Securities Commission. However, freedom of information legislation may require the Ontario Securities Commission to make this information available if requested.

By signing this report, the issuer/agent confirms that each individual listed in Schedule 1 of the report who is resident in Ontario:

1. has been notified by the issuer/agent
 - (a) of the delivery to the Ontario Securities Commission of the information pertaining to the individual as set out in [Schedule 1](#),
 - (b) that this information is being collected by the Ontario Securities Commission under the authority granted in securities legislation,
 - (c) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario,
 - (d) of the title, business address and business telephone number of the public official in Ontario, as set out in this form, who can answer questions about the Ontario Securities Commission's indirect collection of the information, and
2. has authorized the indirect collection of the information by the Ontario Securities Commission.