

B.1.3 Notice of Variation Orders – 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)

NOTICE OF VARIATION ORDERS

**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)**

June 17, 2025

INTRODUCTION

The Ontario Securities Commission (the **Commission**) is committed to ensuring that Ontario's regulatory environment continues to meet the evolving needs of businesses, investors and other market participants in Ontario. This includes balancing our newest mandates to foster capital formation and competitive capital markets with our longstanding mandates to protect investors from unfair, improper or fraudulent practices, foster fair and efficient capital markets and contribute to the stability of the financial system and the reduction of systemic risk.

On May 9, 2024, the Commission launched a series of initiatives aimed at fostering early-stage capital-raising for small business in Ontario:

- Ontario Instrument 32-508 *Not-for-Profit Angel Investor Group Registration Exemption (Interim Class Order)* (**OI 32-508**),
- Ontario Instrument 32-509 *Early-Stage Business Registration Exemption (Interim Class Order)* (**OI 32-509**),
- Ontario Securities Commission Rule 45-508 *Extension to Ontario Instrument 45-507 Self-Certified Investor Prospectus Exemption*, and
- Ontario Instrument 45-509 *Report of Distributions under the Self-Certified Investor Prospectus Exemption (Interim Class Order)*.

The initiatives are time-limited and were 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.

Staff anticipated that insights from the initiatives would provide valuable input to inform the Commission's efforts to modernize the regulatory environment.

FEEDBACK AND CONSULTATIONS

Since the launch of the initiatives, the Commission has been collecting data on the use of the exemptions through required forms, has been engaging with businesses, investors and other key stakeholders in the early-stage capital raising ecosystem in Ontario for their perspectives on the initiatives, and has been monitoring developments in the capital markets.

The information received to date have highlighted potential changes to OI 32-508 and OI 32-509 that would be beneficial to angel investor groups and early-stage businesses that have relied, and those that may subsequently rely, on the exemptions set out therein.

OI 32-508 provides an exemption from dealer registration for not-for-profit angel investor groups that carry on certain activities, subject to terms and conditions.

OI 32-509 provides eligible early-stage businesses with an exemption from the registration requirement and permits them to engage in certain promotional activities to raise capital without a dealer.

DESCRIPTION OF THE VARIATION ORDERS AND REASONS

The OI 32-508 variation order makes four amendments. First, it expands the early-stage businesses that an angel investor group may support to include any early-stage business in Canada. Second, it amends the list of activities that an angel investor group may undertake to include that an angel investor group may refer early-stage businesses to other angel investor groups. Third, it amends the annual reporting requirements by removing the requirement for an angel investor group to provide annual information to the Commission relating to (i) the early-stage businesses introduced to and funded by members of the angel investor group

and (ii) the number of investments exited. Last, it maintains the definition of a “self-certified investor” but no longer specifically refers to Ontario Instrument 45-507 *Self-Certified Investor Prospectus Exemption* (OI 45-507).

The OI 32-509 variation order similarly makes an amendment to remove the specific reference to OI 45-507 from the definition of a “self-certified investor”. In addition, the OI 32-509 variation order removes the definition of “reporting period” and, instead, refers to a calendar quarter.

Reasons

Angel investor groups bring together angel investors interested in supporting early-stage businesses and provide them with opportunities to invest in early-stage businesses seeking capital to grow and scale their operations.

While many angel investor groups in Ontario focus on early-stage businesses in certain industries and regions of Ontario, from time to time, there may be early-stage businesses in other jurisdictions of Canada that may seek capital from angel investor groups in Ontario. Allowing angel investor groups to introduce these early-stage businesses to their members may improve the efficiency of capital and reduce interprovincial barriers.

In some cases, an angel investor group may be aware of an early-stage business that does not fall within the group’s targeted industries or of an early-stage business seeking capital that is greater than what the members of that angel investor group would typically invest. In these circumstances, the angel investor group may wish to refer the early-stage business to another angel investor group. While it is a condition of the OI 32-508 that an angel investor group may not introduce an early-stage business to persons or companies who are not members of the angel investor group, there is no restriction in OI 32-508 that would prevent angel investor groups from referring early-stage businesses to other angel investor groups that, in turn, would introduce the early-stage businesses to their respective members. However, since it is not identified as a permitted activity, it may not be clear that this is a permissible activity.

Additionally, many angel investor groups act as introducers. In some cases, after being introduced by the angel investor group, a member and the early-stage business may engage in investment discussions. As the angel investor group may not be involved in those discussions, it may not have the information to report on the number of investments made in early-stage businesses introduced through the angel investor group without asking its members and the early-stage businesses for this information. Moreover, since these investments are long-term, a member may cease to be a member of the angel investor group in subsequent years. As a result, the angel investor group may not be informed of any exits of investments in an early-stage business that was introduced through the angel investor group, and may not have the resources to contact the angel investor or early-stage business to obtain this information.

Having considered the information from the feedback and consultations conducted to date, the Commission is satisfied that it would not be prejudicial to the public interest to amend OI 32-508 to support early-stage businesses across Canada, to clarify that referrals of early-stage businesses to other angel investor groups is permissible, and to remove certain annual reporting requirements.

EFFECTIVE DATE OF THE VARIATION ORDER

The variation orders will come into effect on June 17, 2025. OI 32-508 and OI 32-509, as varied, will remain in effect until October 25, 2025, unless extended by the Commission.

QUESTIONS

If you have any questions regarding OI 32-508, please contact any of the following:

Gloria Tsang
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Trading & Markets
Ontario Securities Commission
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gtsang@osc.gov.on.ca

Emily Park
Senior Legal Counsel
Trading & Markets
Ontario Securities Commission
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If you have any questions regarding OI 32-509, please contact the following:

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Senior Regulator Advisor, Legal
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Ontario Securities Commission
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ONTARIO SECURITIES COMMISSION

VARIATION ORDER OF
ONTARIO INSTRUMENT 32-508
NOT-FOR-PROFIT ANGEL INVESTOR GROUP REGISTRATION EXEMPTION (INTERIM CLASS ORDER)
(the Variation Order)

(Section 144 of the *Securities Act* (Ontario))

Date: June 17, 2025

Definitions

1. In this Variation Order:

“**Act**” means the *Securities Act*, R.S.O. 1990, c. S.5, as amended from time to time;

“**Commission**” means the Ontario Securities Commission; and

“**OI 32-508**” means Ontario Instrument 32-508 *Not-For-Profit Angel Investor Group Registration Exemption (Interim Class Order)*.
2. Terms used in this Variation Order that are defined in the Act have the meaning ascribed to them in the Act and in OI 32-508, unless otherwise defined in this Variation Order or the context otherwise requires.

Background

3. On May 9, 2024, the Commission launched a series of initiatives aimed at fostering early-stage capital-raising for small business in Ontario. The initiatives are time-limited and were 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.
4. Staff anticipated that insights from these initiatives will provide valuable input to inform the Commission's efforts to modernize the regulatory environment.
5. Since the launch of the initiatives, Commission staff have been collecting information to help evaluate the initiatives. This includes surveys of, and consultations and roundtables with, stakeholders in Ontario's early-stage capital-raising ecosystem.
6. OI 32-508 provides an exemption from dealer registration for not-for-profit angel investor groups that carry on certain activities, subject to terms and conditions. The feedback received to date have highlighted potential changes to OI 32-508 that would be beneficial to angel investor groups that have filed, or may subsequently file, to rely on the exemption set out therein.
7. Specifically, the Variation Order amends the list of activities that an angel investor group may undertake to clarify that an angel investor group may refer early-stage businesses to other angel investor groups, as well as amends the annual reporting requirements to better reflect angel investor group activities by removing the requirement for an angel investor group to provide annual information to the Commission relating to the early-stage businesses introduced to and funded by members of the angel investor group and relating to the number of investments exited.
8. Additionally, to reduce interprovincial barriers and support the flow of capital, the Variation Order expands the jurisdictions that the early-stage business may be operating from or doing business in.

Variation Order

9. The Commission, considering that to do so would not be prejudicial to the public interest, orders under subsection 144(1) of the Act that OI 32-508 is varied by:
 - (a) replacing “Ontario early-stage businesses” with “Canadian early-stage businesses” in the definition of “angel investor group” in section 1,
 - (b) adding the following definition in section 1:

“**Canadian early-stage business**” means an issuer that
 - (a) is in the start-up phase of its development;

- (b) is, or is proposed to be, operating from or doing business in a jurisdiction of Canada where either 1. or 2. applies:
 - 1. the head office of the issuer is located in a jurisdiction of Canada; or
 - 2. at least 25% of the payroll of the issuer is for employees and consultants who reside in a province or territory of Canada;
- (c) is not a reporting issuer in any jurisdiction of Canada or in any foreign jurisdiction; and
- (d) is not an investment fund;,,
- (c) deleting the definition “Ontario early-stage business” in section 1,
- (d) replacing the definition “self-certified investor” in section 1 with the following:

“**self-certified investor**” has the meaning set out in legislation or a rule that specifically provides a prospectus exemption that allow 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 the purchasers 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;,,
- (e) replacing “an Ontario early-stage business” with “a Canadian early-stage business” and “Ontario early-stage businesses” with “Canadian early-stage businesses” in section 14,
- (f) adding the following subparagraph to section 14:
 - (g)(vii) refer Canadian early-stage businesses to other angel investor groups;,,
- (g) deleting subparagraphs 14(q)(ii) and (iii), and
- (h) replacing Appendix A with Appendix A to this Variation Order.

Effective Date

10. This Variation Order comes into effect on June 17, 2025.

For the Commission

“D. Grant Vingoe”
Chief Executive Officer
Ontario Securities Commission

Appendix A

Form 32-508 Not-For-Profit Angel Investor Group Information Form

Instructions

- This form is available on the Ontario Securities Commission website, and is to be completed and submitted online.
- This form should be completed in one sitting. There is no ability to save the information entered and return to the form at a future time to complete it.
- Please save a copy of the completed form for your records. You will not be able to access the completed form once submitted. You will need the Submission ID (e.g., AGF1234567890-123) to amend any information.

Type of Filing

_____	Initial			
_____	Annual	If this is an annual report, provide the year the activities that are being reported on took place (i.e., the prior year): _____		
_____	Amendment	If amending a previous report:		
		1. Provide the Submission ID of the report being amended (e.g., AGF1234567890-123):	_____	
		2. Indicate the part of the form being amended:	_____	Part A: Angel Investor Group
			_____	Part B: Annual Information

Part A: Angel Investor Group

Legal name:
Trade name:
URL:
Head office address
Street address: _____
Municipality: _____ Province: _____ Postal code: _____
Mailing address (if different from head office address)
Street address: _____
Municipality: _____ Province: _____ Postal code: _____
Please provide the following names (as applicable)
CEO/President: _____
Treasurer or CFO: _____

CONTACT PERSON

Name: _____

Position: _____ Telephone number: _____

E-mail address: _____

Part B: Annual Information

Angel investor group (as of December 31 of the prior year)

Number of employees: _____ Number of independent contractors¹: _____ Number of volunteers: _____

Number of members: _____

Number of accredited investor members: _____

Number of self-certified investor members: _____

Canadian early-stage businesses **that applied to the angel investor group or that were identified by the angel investor group** (between January 1 and December 31 of the prior year)

Total number that applied: _____

Total number that were identified by the angel investor group: _____

Total number of that operate from or do business in Ontario: _____

Industries of the Canadian early-stage businesses that applied or were identified (enter the number of businesses for the applicable categories):

Agriculture	_____	Consumer goods	_____
Crypto assets	_____	Energy	_____
Financial services	_____	Healthcare	_____
Information and communications technologies	_____	Life sciences	_____
Manufacturing	_____	Mining	_____
Other (please describe and provide the number of businesses)			

Total number of Canadian early-stage businesses that applied or were identified with:

0 to 5 employees and independent contractors: _____

6 to 10 employees and independent contractors: _____

11 to 20 employees and independent contractors: _____

21 to 50 employees and independent contractors: _____

¹ A self-employed individual who provides goods or services to the entity under a contract with the entity.

51 to 100 employees and independent contractors: _____

More than 100 employees and independent contractors: _____

Total number of Canadian early-stage businesses that applied or were identified and that have been operational for:

0 to less than 1 year: _____

1 to less than 3 years: _____

3 to less than 5 years: _____

5 to 10 years: _____

More than 10 years: _____

Canadian early-stage businesses **introduced to members** (between January 1 and December 31 of the prior year)

Total number of Canadian early-stage businesses introduced: _____

Total number of Canadian early-stage businesses introduced that operate from or do business in Ontario: _____

Industries of the Canadian early-stage businesses introduced (enter the number of businesses for the applicable categories):

Agriculture _____

Consumer goods _____

Crypto assets _____

Energy _____

Financial services _____

Healthcare _____

Information and
communications technologies _____

Life sciences _____

Manufacturing _____

Mining _____

Other (please describe and
provide the number of
businesses) _____

Total number of Canadian early-stage businesses introduced with:

0 to 5 employees and independent contractors: _____

6 to 10 employees and independent contractors: _____

11 to 20 employees and independent contractors: _____

21 to 50 employees and independent contractors: _____

51 to 100 employees and independent contractors: _____

More than 100 employees and independent contractors: _____

Total number of Canadian early-stage businesses introduced that have been operational for:

0 to less than 1 year: _____

1 to less than 3 years: _____

3 to less than 5 years: _____

B.1: Notices

5 to 10 years:	_____
More than 10 years:	_____
Financial information document(s)	
Attach the document(s) with the financial information relating to the financial position of the angel investor group. A maximum of five (5) documents may be uploaded. All such documents should be unrestricted, in Word, Excel or searchable PDF/A file format: _____	

Part C: Certification

By signing below, I, on behalf of the angel investor group, certify to the Ontario Securities Commission that:

- I have read and understand this form and Ontario Instrument 32-508 *Not-for-profit Angel Investor Group Registration Exemption (Interim Class Order)*,
- the angel investor group has complied with all of the terms and conditions of the Instrument, and
- to the best of my knowledge, all of the information provided in this form is true and complete.

Date (YYYY/MM/DD):

Signature of Individual/Authorized Signing Officer:

Full Name (Print):

Title:

Legal Name of Angel Investor Group:

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4. Staff anticipated that insights from these initiatives will provide valuable input to inform the Commission's efforts to modernize the regulatory environment.
5. Since the launch of the initiatives, Commission staff have been collecting information to help evaluate the initiatives. This includes surveys of, and consultations and roundtables with, stakeholders in Ontario's early-stage capital-raising ecosystem.

Variation Order

6. The Commission, considering that to do so would not be prejudicial to the public interest, orders under subsection 144(1) of the Act that OI 32-509 is varied by:
 - (a) deleting the definition of “**OI 45-507**” in section 1,
 - (b) deleting the definition of “**reporting period**” in section 1,
 - (c) replacing the definition “self-certified investor” in section 1 with the following:

“**self-certified investor**” has the meaning set out in legislation or a rule that specifically provides a prospectus exemption that allow 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 the purchasers 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;,
 - (d) deleting “under OI 45-507” in subparagraph 15(1)(e)(ii),
 - (e) replacing “reporting period” with “calendar quarter” in paragraphs 15(2)(b), 15(2)(c), 15(2)(d), 18(2)(b), and Section 4 of Appendix B, and
 - (f) replacing “October 25, 2025” with “the end of the calendar year” in paragraphs 15(2)(e) and 18(2)(c).

Effective Date

7. This Variation Order comes into effect on June 17, 2025.

For the Commission

"D. Grant Vingoe"
Chief Executive Officer
Ontario Securities Commission