



The Funding Portal

**Submission to the Ontario
Securities Commission
Exempt Market Review**

FundingPortal.com



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Un mot en français

Le Portail du financement offre un service bilingue dans les deux langues officielles du Canada. Le Portail a regroupé sur son site plus de 4000 sources de financement fédéral, provincial et municipal représentant un montant estimé à 24 milliards de dollars, et plus de 500 sources de financement privé. La compagnie soutient l'adoption d'une dispense pour autoriser le financement collectif assujéti à des restrictions pour les émetteurs et les investisseurs. Le Portail estime que le financement collectif devrait s'effectuer à travers une plateforme en ligne livrée par un partenariat public-privé entre le fournisseur et le gouvernement de l'Ontario.

For any questions or comments about The Funding Portal or this Submission, please contact:

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Executive Summary

The Funding Portal Inc. (TheFundingPortal.com) is Canada's national bilingual one-window gateway to all services, information and news to facilitate improved access to R&D and growth financing for businesses in Canada. Learn more about The Funding Portal on page 4 of this Submission.

The Funding Portal supports the adoption of crowdfunding to assist the innovation sector to access seed and R&D capital. In particular, the company supports expansion of the exempt market rules to enable a legal and regulated crowdfunding solution in the Province. It is clear from the vantage point of The Funding Portal that if a regulated solution is not enabled in Ontario, given the demand for this service and the existence of the solution in other markets, two emerging trends will quickly prevail: (1) the flight of Ontario's capital-seeking innovation companies to other jurisdictions where crowdfunding exists, and (2) the existence of unregulated services in Ontario.

Further, The Funding Portal believes that crowdfunding should not be available through any provider able to launch a website. Knowledge of securities law, privacy laws, data security handling capabilities and liability insurance coverage are just a few of the minimum qualifications that a service provider should have. The Funding Portal calls for a service provider licensed by the Province. Services fees should be shared with the Province for provisioning licensing and oversight accountabilities.

As Canada's only one-window gateway to all sources of financing, The Funding Portal experiences intense daily demand to provision the market with a licensed crowdfunding solution. The Portal hopes to have the opportunity to work with the Ontario Securities Commission (OSC), the Province, and the Portal's industry partners with a view to hosting a licensed crowdfunding solution on the Portal. With more than 12,000 users already on the Portal each month, overwhelmingly Ontario-based companies seeking seed and R&D financing, we believe that The Funding Portal is clearly the optimal platform on which to layer on a licensed crowdfunding solution.

The Funding Portal wishes to thank the OSC for initiating this Review of Capital-Raising Prospectus Exemptions, and for its efforts to address the needs of the innovation sector in Ontario.



Teri Kirk
Founder & CEO
The Funding Portal Inc.

About The Funding Portal

The Funding Portal is a Canadian corporation that owns and operates TheFundingPortal.com. Based in Toronto, Canada, its investors include Canadian blue chip business brands including **KPMG**, together with e-commerce and digital media experts **Slaight Communications**, **KaplanisCo** and **Lexenomics**. Its team includes experienced regulatory counsel like **Lawson Hunter**, LL.M., Counsel, Stikeman Elliott, Competition and Foreign Investment Group.

The Funding Portal and its made-in-Ontario online tools and solutions have also attracted partnerships with Canada's leading industry associations serving the start-up and innovation sector, including **CME**, **ITAC**, **CATA** and select **Chambers of Commerce**.



Jayson Myers, President & CEO, Canadian Manufacturers & Exporters (CME) and member of The Funding Portal National Advisory Council:

“Access to financing remains a top challenge for Canadian manufacturers. By establishing an online, one-window access point, The Funding Portal is helping companies fuel their growth, and drive their research and development efforts.”

The Funding Portal has aggregated all sources of federal, provincial and municipal public funding—more than 4,000 programs disbursing an estimated \$24 billion into the business market each year—together with more than 500 sources of private financing, from angel and VC to private equity and bank financing. The Funding Portal also generates unique data on Canada's industrial support programs and produces a suite of data products and management information reports for government, industry and the start-up community.

Like Teranet, the land registry and e-commerce services platform, and MERX, the government procurement and bid portal, The Funding Portal provides a one-window national bilingual gateway for business to all sources of R&D and growth financing from industrial support to angel, VC, private equity and bank financing.

The Portal's offerings fall into two broad categories: Concierge and Data & Information services.

Concierge

- ❖ The Funding Portal's Concierge service enables companies to move through the steps from seeking financing to closing financing using today's online tools and solutions. The Portal breaks that process into 4 steps: **Find It**, **Apply for It**, **Score it** and **Leverage It**.
- ❖ **Find It** enables companies to search through the Portal's unique database of all sources of R&D and growth financing in seconds, optimizing search results according to region, industry, sector, amount of funding, purpose of funding and related criteria. The Portal uses

proprietary interactive display tools, **FUNDCARD™** and **FUNDMAP™** to quickly summarize and map information on the optimal funding for that business's unique needs.

Find funding with the Portal

Search \$24 billion in over 4,105 government funding funding sources for business. Instantly find the funds best suited for your company's R&D and growth objectives. [Join The Funding Portal.](#)

Please provide the first three digits of your postal code.

Please provide a keyword describing your industry.

View your results on TheFundingPortal.com **FIND IT**

For more precise search results **ADVANCED**

- ← **FUNDINGPORTAL SEARCHWIDGET:** Search for 4,000 sources of Govt. funding + 500 sources of private financing.
- ↓ **FUNDCARD:** The Funding Portal maintains over 10,000 FundCards, one per source of funding, in English and in French.

The Investment Accelerator Fund **\$1,000,000**
Other

Government of Ontario

The program is delivered on behalf of Ontario by MaRS. There are two streams of funding. Through the regular stream, the province invests up to \$500,000 in companies selected to receive funding. Compa...

Deadline: Not provided
Business Type: Business

Comments (0) ☆☆☆☆☆ **VIEW / APPLY**

FUNDCARD™ © The Funding Portal Inc.

- ❖ **Apply for It** includes a Secure Digital Filing Channel and national bilingual 1-800 voice/data help service and Roster of funding experts drawn from industrial support programs and angel and VC networks, who use the Portal's tools and solutions to standardize processes and deliver services more efficiently than conventional offline models.
- ❖ **Score It** enables companies to submit their offering documents and funding applications to the Portal's Panel of expert adjudicators for an objective assessment prior to submitting it to funders or investors.
- ❖ We think that the Portal's **SCORECARD™** is an essential element of a responsible Crowdfunding solution, ensuring investors that offering documents have been vetted through an approved scorecard process, with scores and feedback available to investors during the disclosure process. As a data-backed scoring tool, evidence-based standards on what is an "A+" or "D-" offering document quickly emerge, and provide important analytics to regulators and oversight bodies.

Data & Analytics

- ❖ Data and Information services draw on the Portal's unique aggregated data and include **FUNDINGREPORT™**, **FUNDINGSOURCES™**, **LEADGENERATOR™** and the **FUNDINGPORTAL TICKER™**. These tools and reports provide unique analytics on sources of financing and industrial support for Canada's start-up and innovation sector, from automated daily data feeds to comprehensive reports for governments and industry associations.

FUNDINGPORTAL TICKER™: Interactive display tool with scrolling sampling of who got funded today

FUNDING PORTAL TICKER  | WHO GOT FUNDED | JULY 9, 2012

MDA SYSTEMS LTD | \$565K | CICP

L. JEANSON CIE | \$122K | TISQFE

Discussion

Issue

This Submission focuses on whether the OSC should enable crowdfunding pursuant to its mandate to regulate the exempt market and enhance the ability of companies to raise capital while affording reasonable protection to investors.

Crowdfunding is inevitable and a regulated solution and licensed service should exist

The Funding Portal supports the adoption of crowdfunding to assist the innovation sector to access seed and R&D capital. It joins others in calling for the expansion of the exempt market rules to enable a legal and regulated solution in the Province. If a regulated solution is not forthcoming, two emerging trends will quickly prevail:

1. The flight of our capital-seeking innovation companies to other jurisdictions where crowdfunding exists, and
2. The existence of unregulated services in Ontario that pose unnecessary risks to both companies and investors.

Single or multi-provider solution

The Funding Portal believes that crowdfunding should not be available through any provider able to launch a website. Knowledge of securities law, privacy laws, data security handling capabilities and liability insurance coverage are just a few of the minimum qualifications that a service provider should have. The Funding Portal favours a licensed service provider regime. Services fees should be shared with the Province for selecting a qualified licensee(s) and executing oversight accountabilities.

Drawing on other Reports and Findings

The Jenkins Panel Report on federal R&D and the Drummond Report on Ontario Public Services both strenuously called on governments to provision the market with a funding portal and concierge service. The Funding Portal has now provisioned this solution and is working collaboratively with select government agencies to facilitate the migration to the Portal. More than 850 organizations and government agencies serving the innovation sector, including **Ontario Centres of Excellence (OCE)**, **Ontario Clean Water Agency (OCWA)**, **Infrastructure Ontario**, **Communitech Regional Innovation Centre (Kitchener-Waterloo)**, and the **Canadian Digital Media Network (CDMN)**, all facilitate links to the Portal. Layering a crowdfunding solution onto the Portal's offerings is the obvious next step in providing the market with the one-window access called for in these important reports and addressing market expectations and demands.

Drawing on other important examples

Teranet, Merx and even the smaller simpler Do-Not-Call-List provide examples of licensing models—effectively, public-private partnerships—that have been successfully used to migrate services regulated or provisioned by government to online service delivery models. In each example, government entered into long-term licensing arrangements with the proven private sector provider to ensure high-quality solutions in the public interest. We think this is the appropriate and perhaps only effective model for provisioning a crowdfunding solution for the Province.



Aris Kaplanis is an investor in The Funding Portal and Strategic Advisor to the CEO. Kaplanis was President & CEO of **Teranet Inc.** for 16 years, developing and operating e-commerce platforms to deliver land registration and other government services to businesses and consumers, and growing the company to a valuation of \$2B as Canada's largest income trust at that time.

"The Funding Portal has built a unique world-class digital platform to enable access to some 4,000 industrial support programs, as well as sources of private financing, from angel to VC. The company shows much of the same promise as Teranet as a trusted e-commerce platform. The Funding Portal is the obvious platform on which to layer on a crowdfunding solution for Ontario's innovation sector."

Investment Limits

The Funding Portal supports a limit on how much can be invested through crowdfunding. However, we find the proposed limits of \$2,500/ investment and \$10,000/ year to be so small as to undermine the credibility and effectiveness of the offering as a tool for companies to raise capital in an advanced market-based economy like Ontario. We propose limits of up to \$25,000/ investment and up to \$100,000/ year. Of course, cautious investors may choose to invest well below these caps.

The Funding Portal divides users' financing objectives into 4 tiers: Tier 1 and 2 are aimed at the financing needs of startups and SMEs, and are \$10k - \$100k for Tier 1 financing, and \$100k-\$1M at Tier 2. Tier 3 and 4 applications are aimed at the enterprise market and are \$1M-\$10M and \$10M+ respectively. In our experience, when working with the Tier 1/startup community, there really is no demand for equity-based fundraising for transactions below the \$10,000 level—the time and cost relative to amounts raised per transaction are simply too high. In our view, low thresholds increase investor and company risk by trivializing the serious business of equity-based financing, and exert downward pressure on reasonable investments in due diligence by investors, and fulsome disclosures by companies, given the small amounts at stake.

These conclusions have been reached in a live web-based operating environment that has grown to over 12,000 users of The Funding Portal each month.

Conclusion

The Funding Portal supports the adoption of an exemption by the OSC to enable a licensed crowdfunding digital platform in Ontario. The failure to do so will result in the flight of Ontario innovation companies to other jurisdictions, and the existence of unregulated crowdfunding offerings in Ontario. The Funding Portal believes that crowdfunding should be delivered through a licensed public-private partnering model, consistent with successes such as MERX and Teranet.

The Funding Portal welcomes the opportunity to work with the OSC and industry stakeholders to provision a licensed crowdfunding platform to Ontario.

Appendix 1: The Funding Portal Investor Leads and National Advisory Council

Advisory Council

- ❖ Georgina Steinsky-Schwartz, Chair. Former Deputy Minister. Recipient of the Public Policy Forum Award for outstanding contribution to Public Service in Canada.
- ❖ Jayson Myers, CEO, Canadian Manufactures & Exporters (CME).
- ❖ Leo Lax, CEO, Skypoint Capital Corporation. General Partner, Naavon Angel Fund.
- ❖ Kevin Shea, Chair, Ontario Digital Media Corporation (OMDC).

Investors

- ❖ Teri Kirk. Founder & CEO. Juris Doctor & Masters in Public Admin. (Using IT to transform delivery of public services). VP Bell Canada (e-Government Solutions). Founder & CEO of 3 previous ventures, including ElectronicCourthouse.com and InsuredClaims.com.
- ❖ Elio Luongo - KPMG. Canadian Managing Partner, Tax, KPMG LLP.
- ❖ Aris Kaplanis - KaplanisCo. Former CEO, Teranet.
- ❖ Gary Slight - Slight Communications Inc.
- ❖ Lawson Hunter - Lexenomics. LL.M. Harvard University. Counsel, Stikeman Elliott, Competition and Foreign Investment Group.
- ❖ Torrance Wylie - Societal Ventures. Former EVP Imasco/Board, Canada Trust.
- ❖ Scott Kaplanis - KaplanisCo. Partner, Epic Capital Management Inc.

Appendix 2: The Funding Portal's Web-based services to enable improved access to R&D and growth financing

Welcome to The Funding Portal Shopping Cart

The Funding Portal has a complete suite of services to take you from finding the perfect source of government funding or private financing to receiving a cheque in the mail. Work with Canada's top funding experts and use the Portal's online interactive tools to greatly reduce your organization's time and costs and improve its funding outcomes.

Please indicate your selection(s) below. For more details on each product or service, simply click on the ProductCard. For assistance, please call toll-free 1-855-850-FUND (3863) or email services@thefundingportal.com.

Find Funding	Price	Quantity
Find It—Government Funding (see ProductCard)		
One-hour trial	Free	<input checked="" type="checkbox"/>
One-day access	\$79	<input type="checkbox"/>
One-month access	\$199	<input type="checkbox"/>
One-year access	\$799	<input type="checkbox"/>
Enterprise-wide access	Contact us	
Find It—Private Financing (see ProductCard)		
One-day access	\$79	<input type="checkbox"/>
One-month access	\$199	<input type="checkbox"/>
One-year access	\$799	<input type="checkbox"/>
Find It—Government Funding and Private Financing (see ProductCard)		
One-day access	\$199	<input type="checkbox"/>
One-month access	\$299	<input type="checkbox"/>
One-year access	\$1200	<input type="checkbox"/>
SearchService™ (see ProductCard)		
Single search	\$150	<input type="checkbox"/>
10 searches	\$1250	<input type="checkbox"/>
50 searches	\$7000	<input type="checkbox"/>
Ask-a-Funding-Expert (see ProductCard)	\$250	<input type="checkbox"/>
Apply for Funding	Price	Quantity
Apply for It (see ProductCard)		
Applications for less than \$100,000	\$2000	<input type="checkbox"/>
Applications for \$100,000-\$1,000,000	\$3000	<input type="checkbox"/>
Applications for \$1,000,000-\$10,000,000	\$5000	<input type="checkbox"/>
Applications for more than \$10,000,000	\$10000	<input type="checkbox"/>
Score It (see ProductCard)		
Applications for less than \$100,000	\$500	<input type="checkbox"/>
Applications for \$100,000-\$1,000,000	\$1000	<input type="checkbox"/>
Applications for \$1,000,000-\$10,000,000	\$2000	<input type="checkbox"/>
Applications more than \$10,000,000	\$5000	<input type="checkbox"/>
Enterprise Tool (see ProductCard)	Contact us	
Leverage It (see ProductCard)		
Applications for less than \$100,000	\$1000	<input type="checkbox"/>
Applications for \$100,000-\$1,000,000	\$3000	<input type="checkbox"/>
Applications for \$1,000,000-\$10,000,000	\$5000	<input type="checkbox"/>
Applications for \$10,000,000	\$10000	<input type="checkbox"/>
Ask-a-Lawyer (see ProductCard)	\$250	<input type="checkbox"/>
Ask-an-Accountant (see ProductCard)	\$250	<input type="checkbox"/>
Startup-in-a-Box (see ProductCard)	\$1000	<input type="checkbox"/>
Financing-in-a-Box (see ProductCard)	\$1000	<input type="checkbox"/>
Information Services	Price	Quantity
FundingReport™ Newsletter (see ProductCard)	Free	<input checked="" type="checkbox"/>
RSS Feeds (see ProductCard)	Free	<input checked="" type="checkbox"/>
Webinar (see ProductCard)	\$25	<input type="checkbox"/>
FundingSources™		
Reports for Charities/Non-Profits (see ProductCard)	\$1000	<input type="checkbox"/>
Reports for Small Business (see ProductCard)	\$1000	<input type="checkbox"/>
Reports for Enterprise/Government (see ProductCard)	\$25000	<input type="checkbox"/>
Advertise on the Portal		
Bronze Plan (per month)	\$1500	<input type="checkbox"/>
Silver Plan (per month)	\$2500	<input type="checkbox"/>
Gold Plan (per month)	\$3000	<input type="checkbox"/>

Review our Terms and Conditions. [Review your selection >>](#)

See cart.thefundingportal.com for more details. Each item is linked to a Funding Portal **PRODUCTCARD** for a full description of the product or service.