

Note: [31 Oct 2016] – Changes to 45-517CP arising from MI 45-108. Refer to Annex I of the ASC Notice announcing MI 45-108 dated 31 Oct 2016.

CHANGES TO COMPANION POLICY 45-517 PROSPECTUS EXEMPTION FOR START-UP BUSINESSES

1. *Companion Policy 45-517 Prospectus Exemption for Start-up Businesses is changed by this Instrument.*

2. *Section 2 is replaced with the following:*

ASC Rule 45-517 provides an exemption from the prospectus requirement. It is designed to facilitate capital raising by start-up or early stage businesses while still providing appropriate investor protection. It does not provide an exemption from the requirement that a person or company who is a dealer must be registered. Accordingly, a person or company acting as a dealer in respect of a distribution of securities under ASC Rule 45-517, will need to comply with the registration requirement. A condition of the prospectus exemption is that a person or company that acts or proposes to act as an intermediary in a distribution of securities under this Rule through an online platform, must be registered as an exempt market dealer or investment dealer under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* or by being registered as a restricted dealer funding portal as defined in the Rule..

3. *Section 5 is replaced with the following:*

An issuer wishing to raise funds can use the prospectus exemption in ASC Rule 45-517 in any of the following ways:

- to raise money through an online funding portal (provided that the portal is either a registered dealer or a restricted dealer funding portal);
- to raise money through a dealer (provided the dealer is in compliance with the registration requirement e.g., registered as an exempt market dealer or investment dealer) that will solicit investment and distribute securities through traditional distribution channels;
- to raise money through the issuer's principal's own network of contacts (provided that they are not in the business of trading securities such that the dealer registration requirement is triggered).

4. These changes become effective on October 31, 2016.