

For Immediate Release

February 27, 2020

Canadian securities regulators propose new nationally harmonized crowdfunding rules

Vancouver – The Canadian Securities Administrators (CSA) is seeking comment on proposed harmonized rules for start-up securities crowdfunding.

Proposed National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions* would replace and enhance the requirements currently in effect in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia.

Enhancements from the current requirements include:

- Increasing to \$1 million (from \$500,000) the maximum total amount that could be raised by a business under the crowdfunding prospectus exemption per year;
- Increasing to \$2,500 (from \$1,500) the maximum investment a purchaser can make in an offering, with a higher limit of \$5,000 if the purchaser obtains advice from a registered dealer that the investment is suitable for the purchaser;
- Requiring funding portals to annually certify that they have sufficient working capital to continue operations for the following year.

“Small businesses and start-ups need unified regulatory requirements for securities crowdfunding to expand their access to capital,” said Louis Morisset, Chair of the CSA and President and CEO of the Autorité des marchés financiers. “This proposed National Instrument would introduce a single, harmonized set of rules, and increase the thresholds for capital-raising and investing, while still providing appropriate investor protection.”

Since 2015, about 70 distributions of securities have taken place under the existing start-up crowdfunding prospectus exemptions, with an average investment of \$734 from each purchaser.

The notice and request for comment can be found on CSA members’ websites. Stakeholders are invited to submit their comments in writing by May 27, 2020.

The CSA, the council of the securities regulators of Canada’s provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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For investor inquiries, please refer to your respective securities regulator. You can contact them here.

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