

Self-certified Investor Prospectus Exemption Launched in Ontario

David Gardos

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On October 25, 2022, the Ontario Securities Commission (OSC) announced an 18-month pilot project which provides a prospectus exemption that permits Ontario investors with qualifying education or work experience access to increased investment opportunities. The exemption also gives businesses headquartered in Ontario access to a new source of capital.

The self-certified prospectus exemption allows sophisticated retail investors, who would not otherwise have the ability to participate in a prospectus-exempt offering, with the opportunity to invest in businesses with a head office in Ontario similarly to accredited investors. To qualify, a self-certified investor must confirm that they meet at least one qualifying criteria, and acknowledge that they understand certain investment considerations and risks. The qualifying criteria, which include 16 categories, are based on having specific financial and investment knowledge, and include, but are not limited to, holding a Chartered Financial Analyst Charter, holding a Chartered Business Valuator designation, having passed the Canadian Securities Course, and holding an MBA degree with a focus on finance or an undergraduate degree in finance or an undergraduate degree in commerce or business with a major or specialization in finance or investment, from a Canadian university or an accredited foreign university. To reduce investment risk, investors will also be subject to a \$30,000 annual limit on all purchases and can choose to allocate that amount to one or multiple issuers.

Details of the exemption, including the complete list of investor qualifying criteria, are set out in Ontario Instrument 45-507 – *Self-Certified Investor Prospectus Exemption (Interim Class Order)* which is available on the OSC's website by following this link. The exemption is set to expire on April 25, 2024, unless the order is extended by the OSC or National Instrument 45-106 – *Prospectus Exemptions* is amended to provide for such exemption.

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