

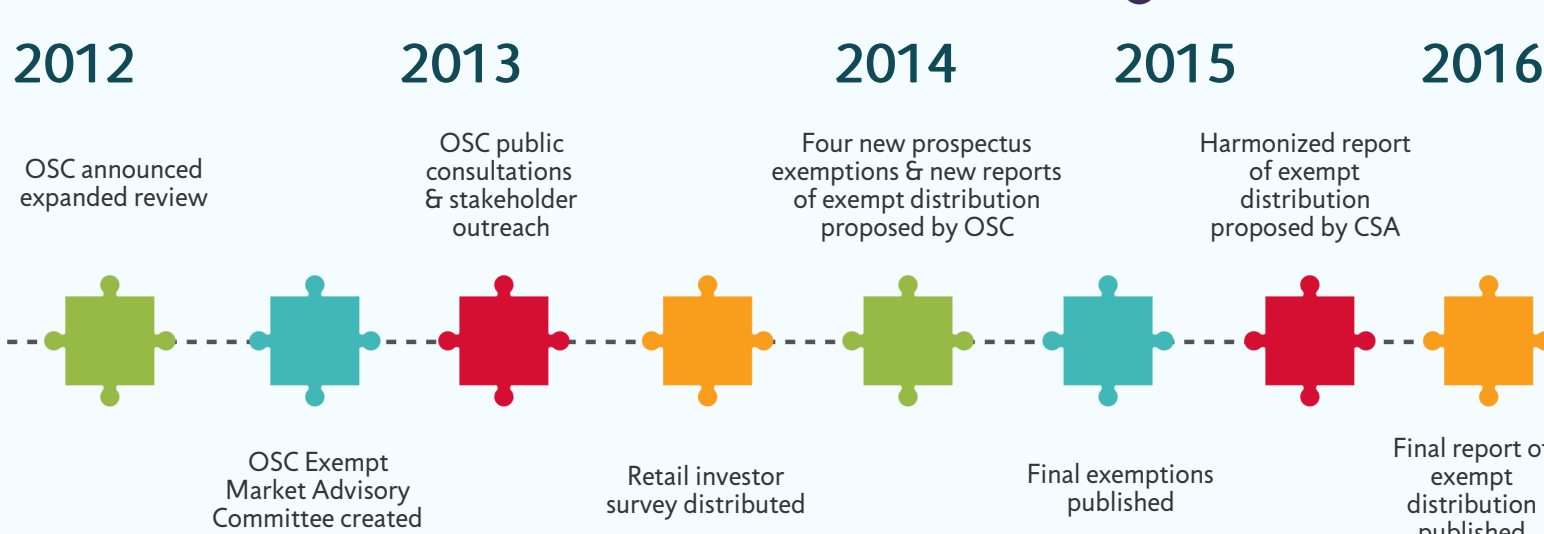
OSC Exempt Market Review

The OSC reviewed the exempt market to consider new ways for small and medium-sized enterprises (SMEs) to gain greater access to capital, while maintaining investor protection.

The exempt market includes prospectus exemptions that can facilitate capital raising by businesses, if they meet the conditions of an exemption. The OSC's review resulted in four new prospectus exemptions and amendments to three existing exemptions.

Note that these are prospectus exemptions. Those firms and individuals that are involved in the business of selling securities, including on the internet, still need to be registered as a dealer.

Timeline for the OSC's Review



Why introduce new exemptions?

- Facilitating capital raising for SMEs
- Increasing harmonization across Canada
- Recognizing the emergence of crowdfunding as a method for SMEs to raise capital

Investors Said...

The OSC commissioned a survey to gain insight into retail investors' views on investing in SMEs and interest in crowdfunding. The survey found:



Prospectus Exemptions

What are the new exemptions in Ontario?



Existing Securities Holder Effective February 11, 2015 | Family, Friends and Business Associates Effective May 5, 2015 | Offering Memorandum (OM) Effective January 13, 2016 | Crowdfunding Effective January 25, 2016

Key details...

- Greater capital raising opportunities for companies
- Important investor protection measures tailored to the particular prospectus exemption. Examples of investor protection measures include:
 - Limiting how much investors can purchase
 - Requiring investors to acknowledge risks associated with their investment
 - Providing investors with some information about the company and their investment
- Those involved in the business of selling securities, including on an internet platform, need to be registered as a dealer

What has changed with the existing exemptions?



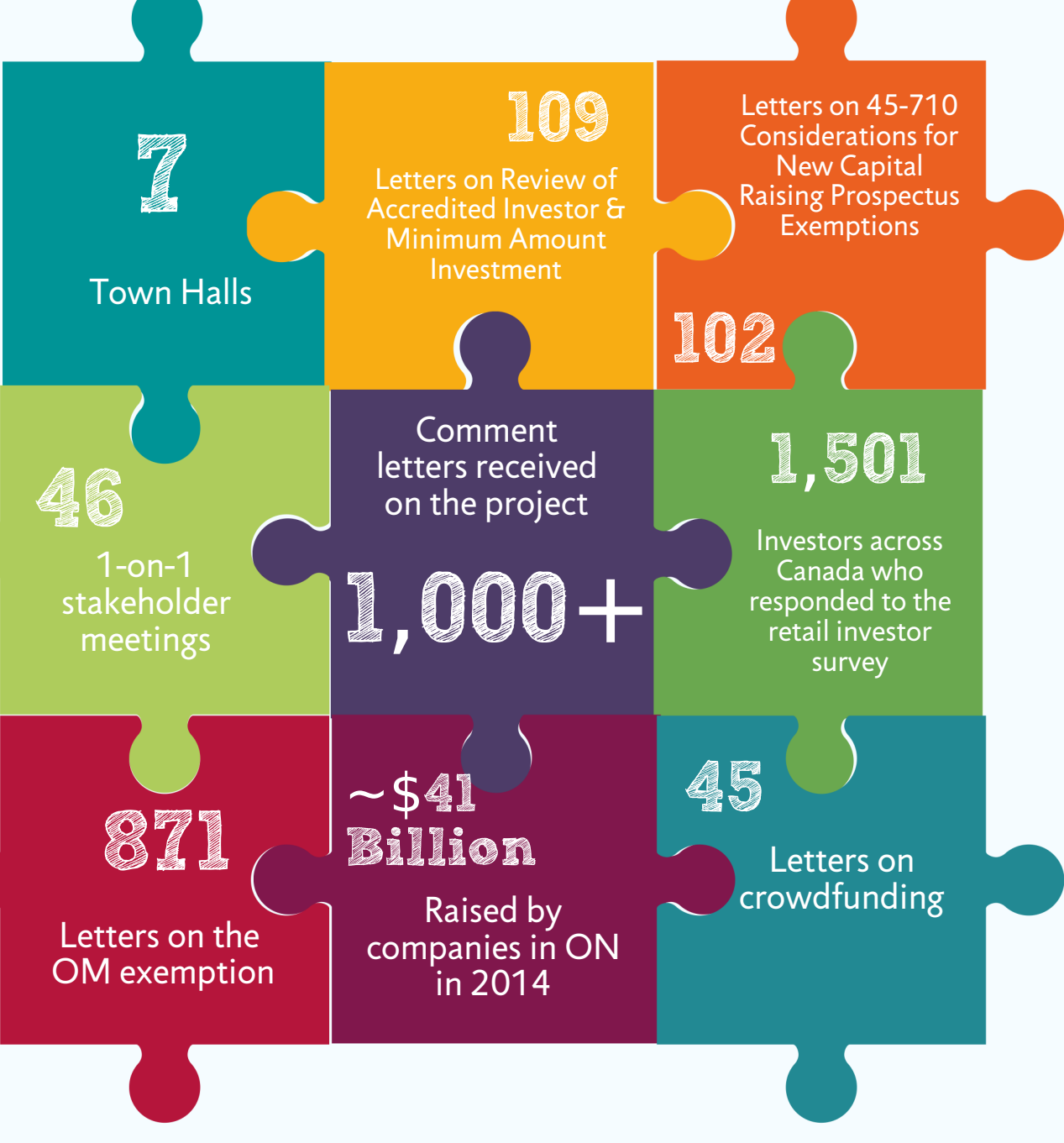
Rights Offering | Accredited Investor | Minimum Amount Investment

Key details...

- The rights offering prospectus regime has been modernized and streamlined across the CSA.
- The accredited investor exemption has been amended to harmonize the categories of accredited investor and to generally require individual investors to acknowledge the key risks of the investment.
- The minimum amount investment exemption is no longer available for distributions to individual investors.

Get a snapshot of the seven exemptions [here](#).

OSC Exempt Market Review By the Numbers



Next Steps - Oversight

Oversight program to monitor exempt distributions

- Assessing compliance
- Enhancing awareness
- Gathering data on exempt market activity