

NEWS

Alberta and Saskatchewan Adopt New Prospectus Exemption for ‘Self-Certified Investors’

April 22, 2021

The Alberta Securities Commission (ASC) and the Financial and Consumer Affairs Authority (FCAA) of Saskatchewan have adopted a new prospectus exemption effective March 31, 2021 as a 3-year pilot project for Self-Certified Investors. The exemption is intended to facilitate better access to capital for issuers and create enhanced opportunity for participation in the exempt markets by investors that do not fit the eligibility requirements of an accredited investor.

Details of the new exemption are set out in CSA Multilateral Notice of Implementation 45-538 Self-Certified Investor Prospectus Exemption.

Details and Limitations

The exemption is only available to investors in Alberta and Saskatchewan purchasing securities of an issuer that is also located in one of those provinces. For an issuer to rely on the exemption, there must be:

- A concurrent distribution to an accredited investor;
- A standard form Statutory Declaration that must be executed and dated within 36 months of distribution; and
- An Acknowledgement Form that requires the investor to identify the category pursuant to which the Qualifying Criteria is met.

There are several categories under which an investor might qualify: holding a CFA, CPA, or CBV designation, a Certified International Wealth Manager (CIWM) designation, an undergraduate or master’s degree in business (with a focus on finance) from an accredited university or being a practicing lawyer in Canada with a practice that is at least one-third focused on M&A or financing. An exemption is also available to investors that have passed the Canadian Securities Course or its equivalent, provided a minimum income threshold of \$75,000 per year for the last two years is met.

If a registered dealer is involved in a financing in which the exemption is used, standard *know your client* and *know your product* requirements will apply, but the exemption does not require any further diligence.

Investment is limited to \$10,000 per for any single investment in a calendar year per investor, and to \$30,000 per year overall for each investor (unless the issuer is listed on a major exchange).

Notably, however, the exemption does not prescribe maximum offering limits for an issuer relying on the exemption. Further, securities regulatory authorities have confirmed that Self-Certified Investors qualify under National Instrument 45-106 *Prospectus and Registration Exemptions*. This may allow issuers greater flexibility in their financing activities while increasing the investment opportunities available to non-traditional investors.

If you have any questions about the Self-Certified Investor Prospectus Exemption and how it may apply to your circumstances, our [Securities & Capital Markets](#) group can assist. The writer gratefully acknowledges the efforts of [Melanie Bowman](#) in the publication of this article.