Good news for Alberta and Saskatchewan small business owners

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In an effort to increase accessibility to capital markets, securities regulators in Alberta and Saskatchewan (the Provinces) have adopted a new financing prospectus exemption for small businesses.

The new exemption will allow small businesses in the Provinces to raise up to $5 million in capital though a simplified offering document. Under the exemption, start-ups and small issuers can raise capital using a tiered approach, depending on the level of sophistication of the business and the investor.

The maximum offering limits under the exemption are available to issuers who provide specified financial statements, and to investors who meet a minimum income threshold or who have received advice from a registered dealer. Investments by individuals or companies who qualify under the accredited investor exemption, the family, friend and business associate exemption, the foreign investor exemption or the self-certified investor exemption will not be included in calculating the exemption's offering limits.

This exemption, which was adopted pursuant to blanket orders by the regulators, aims to increase innovation and industry diversification in the Provinces and requires the issuer's head office to be in Alberta or Saskatchewan. “This initiative is intended to address challenges faced by small and early-stage businesses in accessing capital, while still addressing investor protection," said Roger Sobotkiewicz, Chair and CEO of the Financial and Consumer Affairs Authority of Saskatchewan.

The exemption came into force on Sept. 1, 2021 as a three-year pilot, expiring Sept. 1, 2024.

Learn more about the prospectus exemption here: *CSA Multilateral Notice of Implementation 45-539 Small Business Financing available on the websites of the ASC and the FCAA*.

If you would like to discuss how this new exemption may help your small business, please reach out to either of the key contacts below.

By

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