



STEPS TO COMMENCING A CEDC OFFERING IN NEW BRUNSWICK

The Community Economic Development Corporations and Associations (CEDC) program is a program administered co-operatively by the Financial and Consumer Services Commission (FCNB) and the Department of Finance.

Under securities legislation, in order to conduct a CEDC offering, a CEDC must comply with Local Rule 45-509 *Community Economic Development Corporations and Associations* (LR 45-509). Initially, an applicant must prepare and file Form 45-509F1 *Offering Document* with the FCNB and receive from the Executive Director of Securities a non-objection to the offering. The applicant must also receive the appropriate registration from the Minister of Finance. Once these are in place, and the CEDC otherwise complies with LR 45-509, the CEDC can raise capital through an exempt public offering in New Brunswick and advertise its offering to the public in New Brunswick.

Here is what you need to send to the FCNB to start the process of obtaining a non-objection letter from the Executive Director of Securities (ED). Note that approval from the Minister of Finance under the *Small Business Investor Tax Credit Act* (SBITC) is a separate process through that Ministry. Here is the link to the Department of Finance -

<http://www2.gnb.ca/content/gnb/en/departments/finance/taxes/credit.html>

Initial Documents

1. A completed Form 45-509F1 *Offering Document* and associated financial statements.
2. A consent to share information. This document permits the FCNB to share all documents and information respecting the CEDC with the Department of Finance.
3. A completed police records check of all directors, officers and promoters of the CEDC. We will not be able to proceed with the review of any documentation without a completed Canadian Police Information Centre (CPIC) check. For any proposed alternative measures for a criminal background check, please contact the FCNB.
4. A fee of \$350.00 made payable to the Financial and Consumer Services Commission.

These materials may be sent by email to EMF-MD@fcnb.ca to the attention of the ED. A hard copy, along with the \$350 fee must be sent to the following address:

Executive Director
Securities Division
Financial and Consumer Services Commission
300-85 Charlotte Street
Saint John, NB E2L 2J2

Letter of Non-Objection

After receiving all the materials noted above, the FCNB will process the documentation. It is important the all materials be complete and accurate, otherwise this may result in processing delays.

During this period, the proposed CEDC may receive comment letter(s) from the ED who may have additional questions about the offering or the materials, require supplemental information to be delivered to the FCNB, or require further information to be included in the offering document. This may happen before or after issuing a letter of non-objection.

A non-objection letter is not guaranteed. The ED has the power to not issue a letter of non-objection where:

1. It is not in the public interest to do so.
2. The offering document does not meet the requirements of LR 45-509.
3. It appears that the offering will not be made in accordance with the LR 45-509.

Where the ED is prepared to issue a letter of non-objection for the offering and all comments in the comment letter(s) have been answered to the ED's satisfaction, a non-objection letter will be issued to the CEDC.

The length of time it takes to obtain a non-objection letter may vary widely between filers depending on nature of the business and how the offering document is written. The FCNB will strive to issue a first comment letter within 20 days from receipt of the offering document. It is then up to the CEDC to respond to the FCNB in writing in a timely manner.

The Offering Document

The Offering Document is provided to investors so that they may obtain information about the CEDC and the offering to assist them in making an investment decision. After the ED has issued a letter of non-objection to the CEDC, the CEDC must give this document to any purchaser before, or at the same time as, the purchaser signs the agreement to purchase the CEDC's shares. The CEDC must obtain from the purchaser a signed Form 45-106F4 *Risk Acknowledgement*.

Amendments to the Offering Document while a distribution is ongoing

To do this, the CEDC deliver the following to the ED:

- a letter asking the ED to non-object to the amendment;
- a copy of the amended items in the Offering Document; and
- a new dated and signed certificate page.

The amendment must be sent to all subscribers of eligible shares after the ED has issued a non-objection to the amendment.

Promotional Materials

Part 5 of LR 45-509 outlines permitted promotional activities before and after the ED issues the non-objection letter. These materials must be delivered to the ED no later than 2 business days after the materials are first used.

Time Limitation on Offering

An offering closes on the date specified in the offering document and no later than 90 days after the date the CEDC is issued its certificate of registration under section 13 of the SBITC. The CEDC may be able to extend the offering for a limited period of time, but only after receiving approval from the Minister of Finance and a non-objection letter from the Executive Director in respect of the subsequent sales.



If the CEDC wishes to extend the initial closing date, the CEDC must deliver to the ED:

- a letter requesting an extension (an offering document amendment) of the initial closing date including the reasons for the request;
- confirmation that there have been no material changes to the CEDC since the date of the original date of the certificate page of the offering document;
- an updated replacement page 1 of the Offering Document;
- new signed and dated certificate page; and
- a copy of the letter to be sent to the current subscribers explaining why the extension is required and giving them a 2 day right of withdrawal.

If the CEDC has had its initial closing and wishes to do subsequent closings, the CEDC must deliver to the ED a letter requesting a new letter of non-objection and contain the following information:

- the date the CEDIF wishes to extend to;
- confirmation that there have been no material changes to the CEDC since the date of the certificate page of the offering document ,
- confirmation that all the conditions of initial closing outlined in paragraph 5.2(c) of the Offering Document have been met
- the number of investors and amount raised from the initial closing.

Report of Trades

No later than 30 days after each closing of an offering, the CEDC must deliver a completed Form 45-106F1 *Report of Exempt Distribution* to the FCNB to the address indicated below.

Ongoing Reporting

A CEDC that has conducted a distribution under LR 45-509 is required to file periodic documents with the FCNB:

- Annual financial statements as per section 21 of LR 45-509
- Notice of Specified Events as per section 24 of the LR 45-509

For further information, contact:

Financial and Consumer Services Commission
Securities Division
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Toll free: 1-866-933-2222
Fax: 506-658-3059
E-mail: EMF-MD@fcnb.ca
www.fcnb.ca

Attention : Susan Powell
Deputy Director, Securities Division