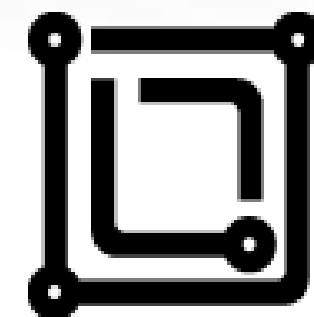


Raising Capital with the Offering Memorandum Exemption

March 10, 2021, at 12:00 pm



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This presentation presents general information about the offering memorandum exemption available under securities law in Canada and is not intended as legal advice, nor should you consider it as such. You should not act upon any information from this presentation without seeking professional advice from a lawyer licensed to practice in your respective province or country. The opinions expressed in this presentation represent the views of the speakers only.

Move Faster. Raise Better.

Agenda

Series 1: Introduction to Offering Memorandum (OM) Exemption

Background

What is the OM Exemption?

Advantages

Key Features of OM Exemption

Comparison

OM vs Other Exemptions

Challenges

Impediments to Broader Usage

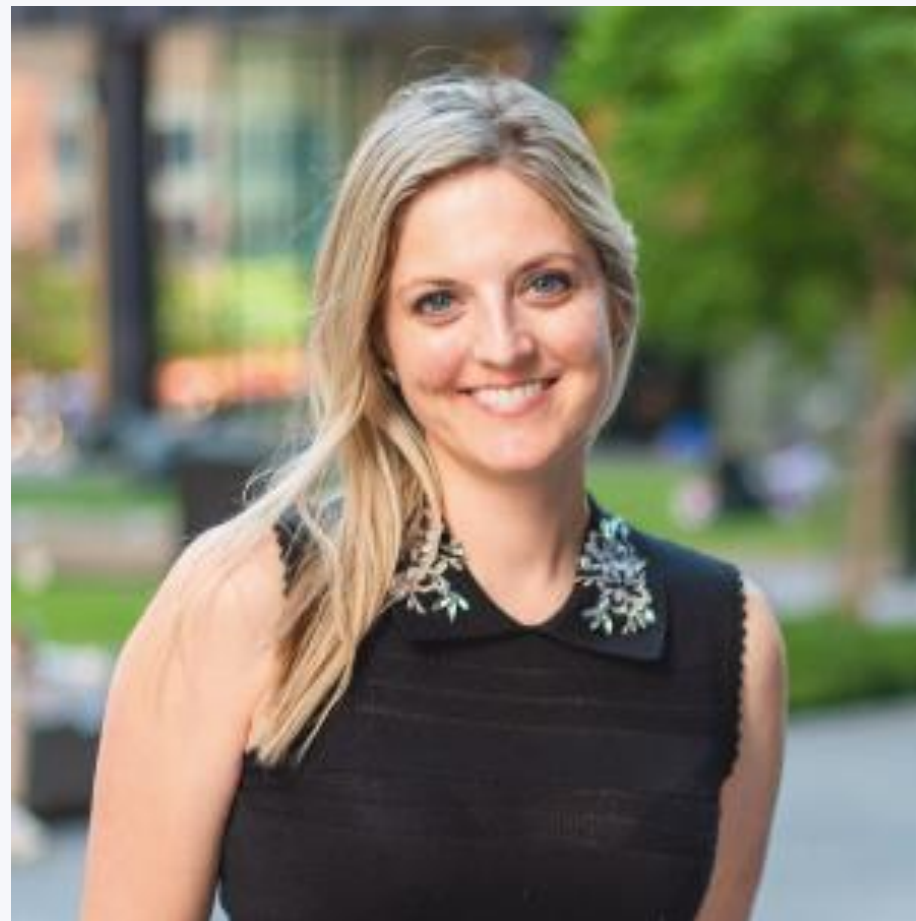
Solutions

Our Tech-Based Streamlined Process



Speakers

DealMaker and Oziel Law



Rebecca Kacaba
Founder and CEO, DealMaker



Michael Werry
VP Sales, DealMaker



Andy Andrei
Associate, Oziel Law



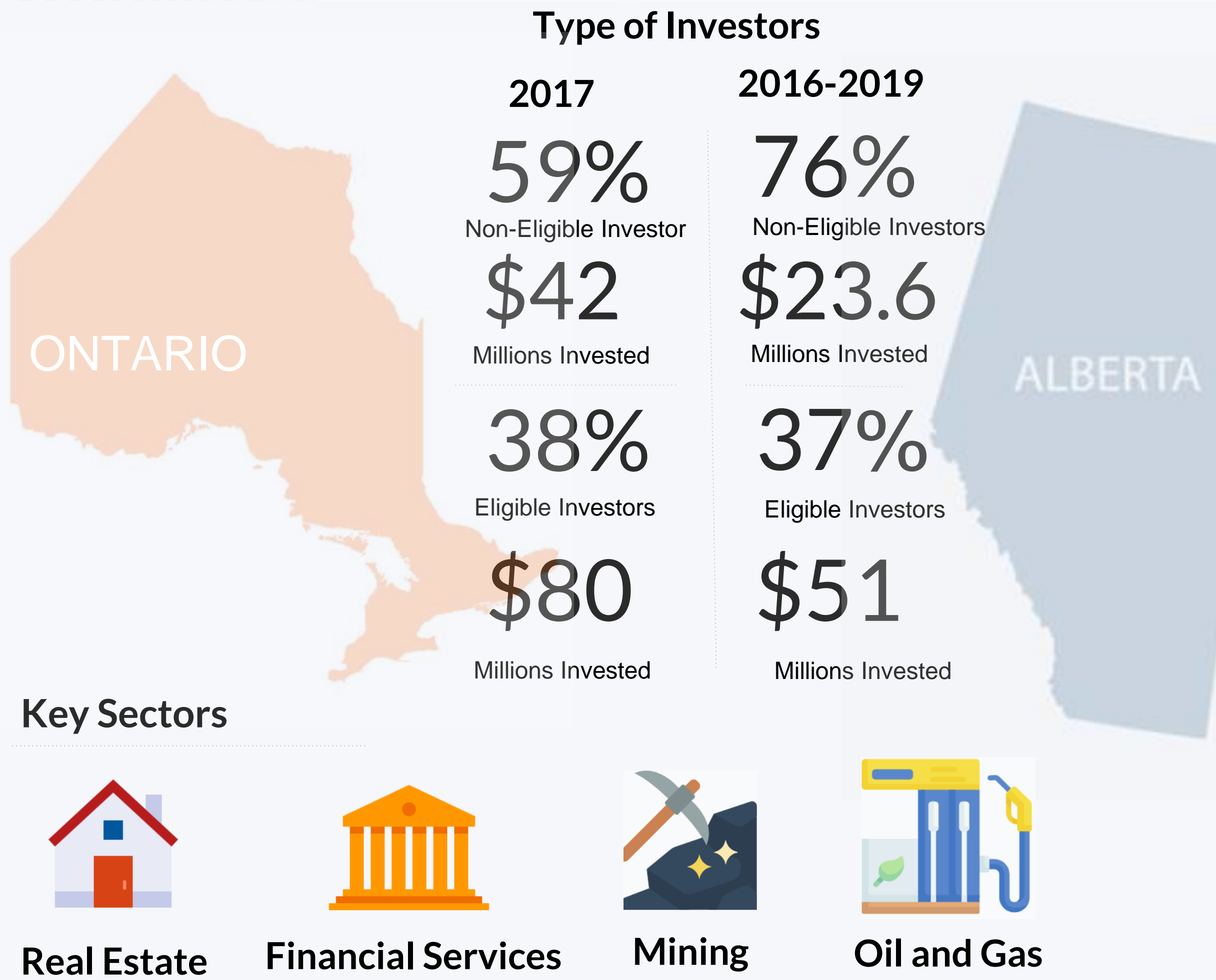
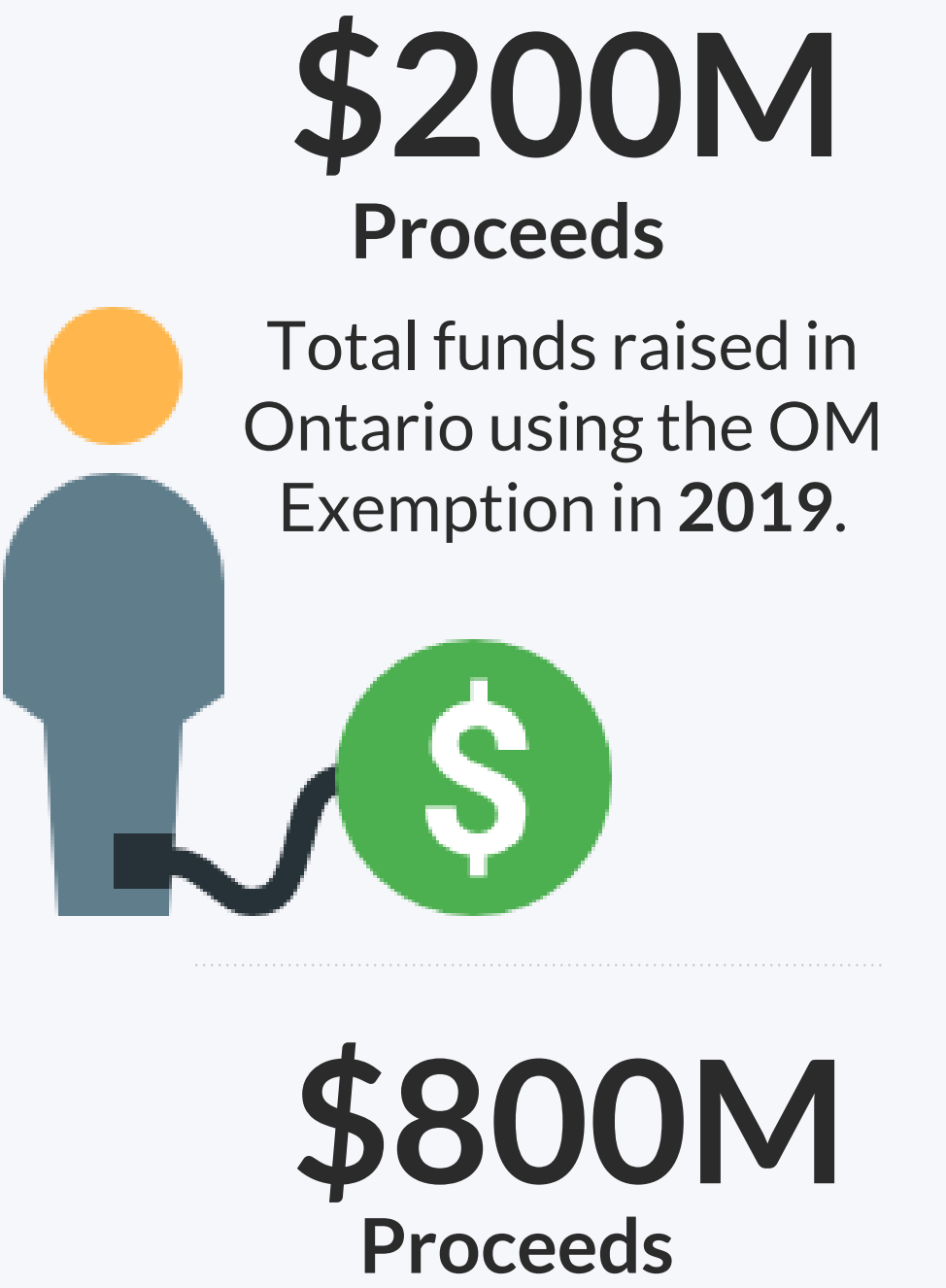
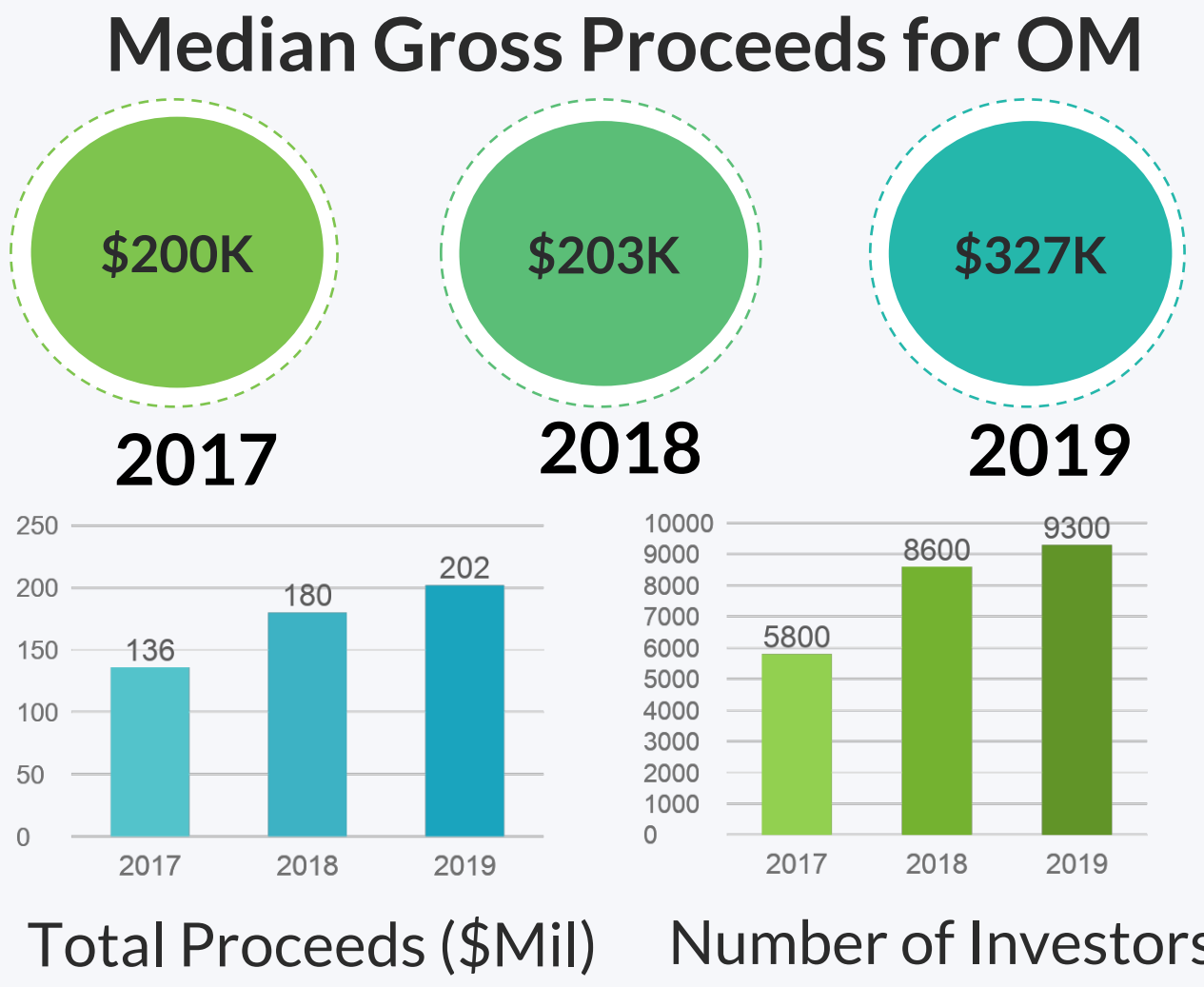
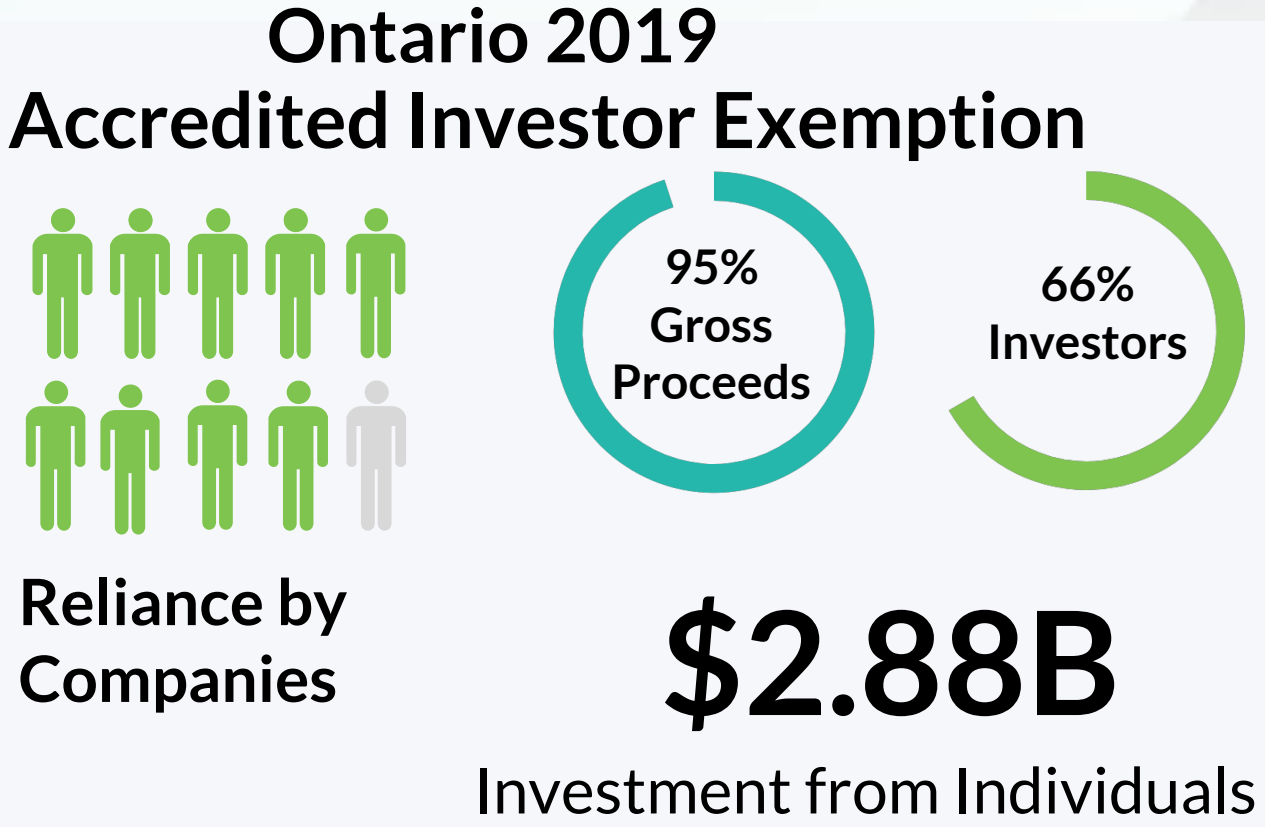
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Background on OM Exemption

How has the OM Exemption been used?



Data is based on reports of exempt distribution issued by the provincial securities commissions of Ontario, British Columbia and Alberta.

Offering Memorandum (OM) Exemption

Advantages and Opportunities for Companies



Companies at any Stage
of Life Cycle can use OM



Market and Advertise
to Investors



Access a to Broader
Pool of Investors



Offering Memorandum (OM) Exemption

Advantages and Opportunities for Companies



Permits Multiple and Concurrent Offerings



Private Companies remain Private



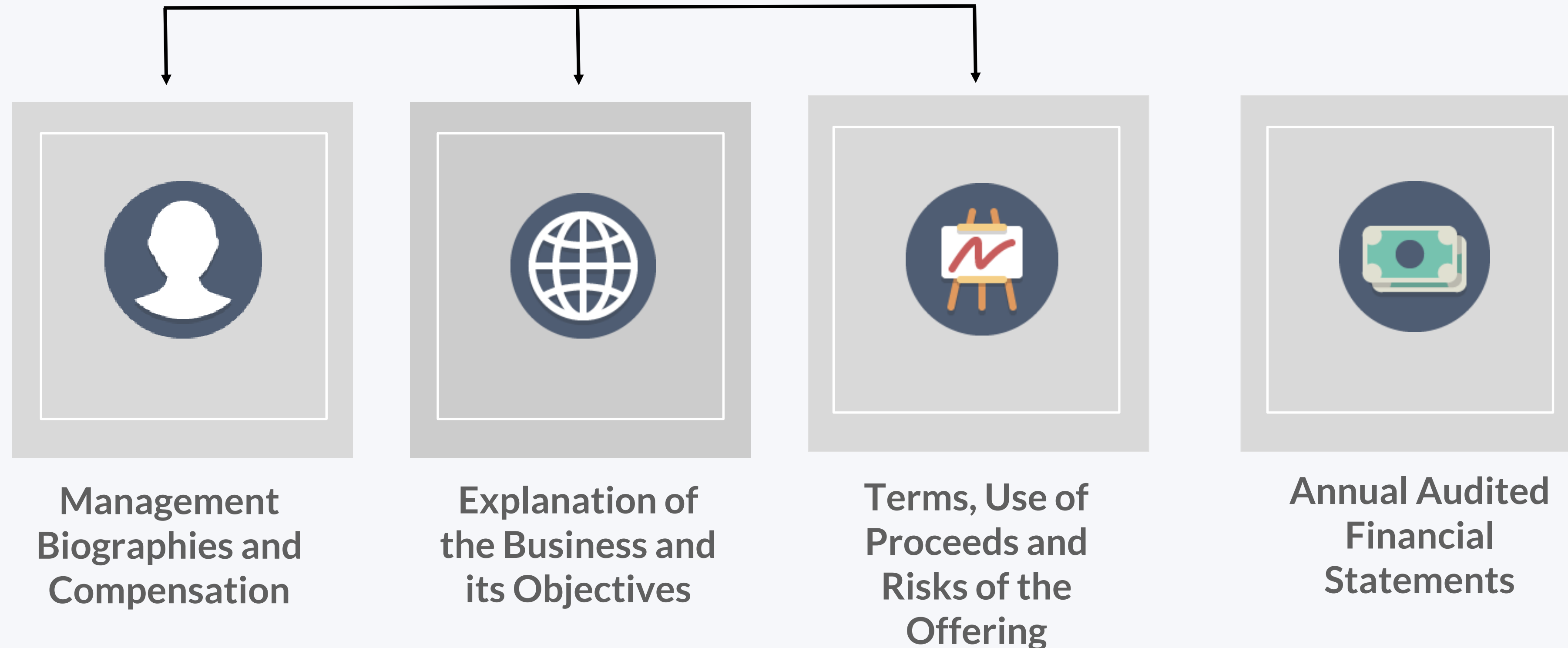
No Limit on Length of Time or Amount of Proceeds Raised



OM Exemption Form

Communicate your Business to Investors

Doc Generator



Popular Prospectus Exemptions in Canada

Overview of Key Differences

Exemption	Eligible Investors	Broader Investor Pool	Offering Limits
Accredited Investor	Approved institutions, net income or net asset test	✗	Unlimited
Minimum Investment	>\$150k one-time cash investment by an entity	✗	Unlimited
Friends, Family & Business Associates	Close social circle and business associates	✗	Unlimited
Start-up Crowdfunding	Accredited and Canadian retail investors*	✓	\$250k per raise over 90 days, max 2 times per year Proposed: \$1mil per year, \$2.5k per investor or \$5k if advised
Offering Memorandum	Accredited, FFBA and any retail investors*	✓	Unlimited

*Subject to limitations in the local jurisdiction of the investor.



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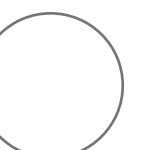


OM Exemption versus Regulation A+ Offering

A Comparison of Key Aspects

	OM Exemption	Regulation A+
Canadian and US Eligible Companies	Private & Public*	Private & Public*
Limit on Proceeds Raised (Yearly)	None	Tier 1: US\$20 mil Tier 2: US\$75 mil
Non-Accredited Investment Limit Per Investor (Yearly)	“Bright line test”	Tier 2: “Percentage of income/net asset”
Prohibited/ Permitted Securities*	Prohibited: Specified derivatives, structured finance products or short-term securitized products	Prohibited: Asset-backed securities Permitted: equity and debt securities (includes convertible)

• Subject to very specific prohibitions



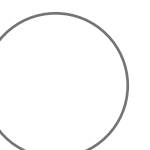
OM Exemption versus Regulation A+ Offering

A Comparison of Key Aspects, Continued

	OM Exemption	Regulation A+
Sell without Qualification from Regulators	✓	✗
Can Always remain Private	✓	✗
Ongoing Reporting Requirements*	✓	✓

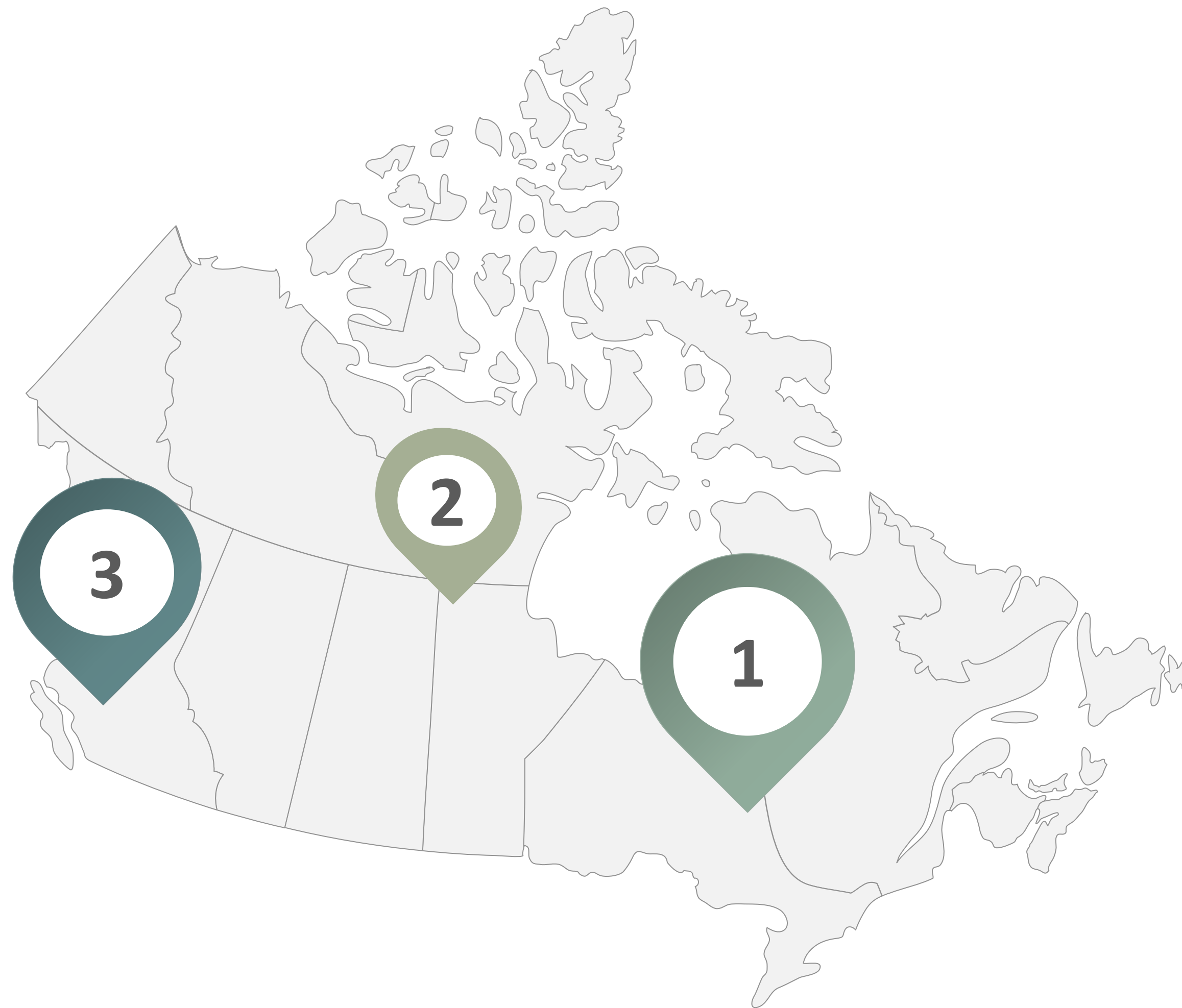
* In Canada, the continuous disclosure requirement is only in some provinces. In US, Tier 2 companies have some on-going reporting obligations.

** Except for British Columbia and public companies.



Jurisdictional OM Investor Limits

Provincial Fragmentation into Three Overarching Regimes



Provincial OM Exemption: Three Regimes

1. **“Eastern”**: Ontario, Quebec, Alberta, Saskatchewan, Nova Scotia, New Brunswick
2. **“Northern”**: Manitoba, Nunavut, Yukon, Northwest Territories and Prince Edward Island
3. **“Western”**: British Columbia and Newfoundland & Labrador

Regime	Not Eligible	Eligible	Eligible + Suitability Advice	Accredited and FFBA
Eastern	\$10,000	\$30,000	\$100,000	Unlimited
Northern	\$10,000	-	Unlimited	Unlimited
Western			Unlimited	

Traditional OM Exemption Challenges & the Impact of Technology



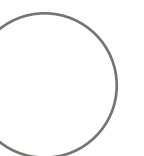
Jurisdiction Challenges



Operating Challenges



Legal Challenges



Components of a Successful OM Offering

Using Technology to Reduce Barriers to OM Exemption

Document Generation Software	<ul style="list-style-type: none">• Generate the OM form by answering a series of questions to “fill in the blanks”• Reduce time, cost and effort in creating documents needed to launch the raise
Oziel Law	<ul style="list-style-type: none">• Experts in OM• Complete and compliant documentation• Legal advice on structuring the raise• Streamlined post-closing obligations and regulatory filings• Trust account service
DealMaker	<ul style="list-style-type: none">• Process investors, complete subscription agreements and digital payments• Insights and analytics• Increase investor conversion• Reduce time to close and manage post-closing document delivery
Marketing	<ul style="list-style-type: none">• Create materials, branding, and messaging• Digital acquisition of investors – especially retail• Increase top of funnel and support conversion



Managing the OM Process

Overview of Our Integrated Processes

Step One
Identify Objectives
& Organize
Corporate Records



Step Two
Retain
Professional
Service Providers
and Structure Deal



Step Three
Build the Marketing
Strategy & Draft the
Offering Materials



Step Four
Go Live on
DealMaker!



Step Five
Close the Offering
& Complete the
Filings

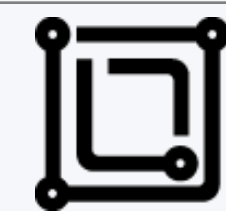




CONCLUDING REMARKS

So, what comes next?

Suitability of OM and outlook on developments in the capital markets.



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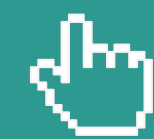
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THANK YOU

Q&A Session

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CPD PROFESSIONALISM

Ontario: 3.17 Technology in a law or legal services practice, including considerations related to security of information, productivity and efficiency

British Columbia: Ethics & Practise Management