

## 2.1.5 Impak Finance Inc.

### Headnote

CSA Regulatory Sandbox – Application for relief from certain securities regulation requirements – Filer proposing to launch an initial coin offering by way of a private placement under the offering memorandum exemption – relief granted subject to certain terms and conditions set out in the decision – automated onboarding process – decision is time-limited to allow the Filer to operate in a test environment and will expire in two years – decision may be amended by the AMF on written notice to the Filer – relief granted based on the particular facts and circumstances of the application with the objective of fostering capital raising by innovative start-up businesses in Canada – decision should not necessarily be viewed as a precedent for other filers in the jurisdictions of Canada.

August 16, 2017

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
QUÉBEC AND ONTARIO  
(the “Jurisdictions”)**

**AND**

**IN THE MATTER OF  
THE PROCESS FOR EXEMPTIVE RELIEF  
APPLICATIONS IN MULTIPLE JURISDICTIONS**

**AND**

**IN THE MATTER OF  
IMPAK FINANCE INC.  
(the “Filer”)**

**DECISION**

### Background

The Canadian Securities Administrators (the “CSA”) have launched a regulatory sandbox to support financial technology (“fintech”) businesses seeking to offer innovative products, services and applications in Canada (the “CSA Sandbox”). The CSA Sandbox allows firms to obtain exemptive relief from the securities laws requirements that may be an impediment to their innovative business models, provided that investor protection is not compromised.

The Filer wishes to create *impak.eco*, an online collaborative social network wholly dedicated to the impact economy. In order to fund the creation of *impak.eco*, the Filer wishes to proceed with an “initial coin offering” of MPK (as defined below) (the “Offering”) by way of a private placement in reliance on the prospectus exemption contained in section 2.9 (the “Offering Memorandum Exemption”) of *Regulation 45-106 respecting Prospectus Exemptions (“Regulation 45-106”)*.

In the context of the CSA Sandbox, the Filer submitted its business model and subsequently filed an application to be exempted from certain requirements from securities laws requirements. This Decision should not be viewed as a precedent for other filers in the Jurisdictions or in other jurisdictions.

The securities regulatory authority or regulator in each of the Jurisdictions (the “Decision Maker”) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the “Legislation”) for:

1. an exemption from the dealer registration requirement (the “Registration Relief”);
2. an exemption from the prospectus requirement on the first trade of MPK so that such requirement does not apply to a trade between a Participant and a Merchant (as defined below) (the “Prospectus Relief”);

(collectively, the “Exemption Sought”).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application),

- (a) the Autorité des marchés financiers is the principal regulator for this application (the “Principal Regulator”);
- (b) the Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System (“Regulation 11-102”)* is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, and Nova Scotia; and
- (c) the decision is the decision of the Principal Regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

### Interpretation

Terms defined in *Regulation 14-101 respecting Definitions*, *Regulation 45-106*, and *Regulation 11-102* have the same meaning if used in this Decision, unless otherwise defined.

### Representations

This Decision is based on the following facts represented by the Filer:

#### *The Filer*

1. The Filer is an innovative fintech start-up company incorporated under the *Canada Business Corporations Act* on May 5, 2016. The head office of the Filer is located in Montreal, Québec.
2. The Filer is not, and has no current intention of becoming, a reporting issuer under the Legislation

- or the securities legislation of any other jurisdiction of Canada.
3. To the best of the Filer's knowledge, the Filer is not in default of securities legislation of any jurisdiction of Canada.
  4. Neither the Filer's common shares nor the MPK that are proposed to be issued by the Filer in reliance on this Decision are listed or will be listed on any exchange, organized market or cryptocurrency exchange.
  5. The Filer intends to issue Impak Coins, a new digital currency based on the Waves blockchain platform ("**MPK**"). The proceeds of the Offering are intended to fund the development of *impak.eco*, an online social network created by the Filer and entirely dedicated to the impact economy.
  6. As described in the offering memorandum of the Filer (the "**Offering Memorandum**"), *Impak.eco* participants (the "**Participants**") are separated into three categories, namely: (i) impact organizations (i.e. businesses, non-governmental organizations, not-for-profit corporations and social enterprises) ("**Merchants**"), (ii) individuals and (iii) capital partners (i.e. high net-worth individuals or professional investors).
  7. Part of *impak.eco*'s objective is to allow Participants to pay in MPK for goods and services offered by Merchants and also to allow Merchants to reward Participants by transferring them MPK for purchasing goods and services from them at the time of such purchase.
  8. At the time of the initial coin offering, the Filer will establish a governance body to oversee the value and use of MPK in the *impak.eco* network (the "Governance Body"). As outlined in the Offering Memorandum, the Governance Body will be composed of third-party members all active in the impact economy who are independent of the Filer.
  9. In its determination of the value of the MPK, the Governance Body will consider, amongst others, the following indicators: the number of Participants, the number of Merchants, the volume of transactions and its growth rate, the demand for MPK from new Participants and the volume of MPKs converted into Canadian dollars.
- The Offering**
10. The Filer intends to distribute MPK directly to Participants interested in supporting the Filer's ecosystem via its secure web platform pursuant to the Offering Memorandum Exemption. All transactions will occur online, via the Filer's secure dedicated website.
11. The Offering will consist of the distribution of a minimum of 575,000 MPK and a maximum of 14,375,000 MPK issued by the Filer for total gross proceeds to the Filer of a minimum of \$500,000 and a maximum of \$10,000,000.
  12. All proceeds from the Offering will be placed in the trust account of the legal counsel of the Filer pending the minimum raise of \$500,000 being achieved. All proceeds from the Offering will be returned to Participants if the minimum raise of \$500,000 is not reached by the Filer.
  13. The MPK will not be delivered to the Participants until the Filer launches its digital wallet which will be used to store, send and receive MPK ("the **MPK eWallet**"). The MPK eWallet launch is expected to take place in May 2018.
  14. Upon the launch of the MPK eWallet, MPK will be subject to an escrow schedule (25% of MPK tradable at MPK eWallet launch with additional tranches of 25% released each 6 months thereafter).
  15. At the end of each month, the Filer will reward individuals with MPK based on a percentage of the flow of transactions executed by each Participant within the ecosystem. The reward will automatically be issued to the Participant's MPK eWallet.
  16. The Governance Body will set the conversion rate of MPK into Canadian dollars. Upon request from a Participant, the Filer will purchase MPK from the Participant at this rate, but the Filer does not guarantee the purchase or conversion of MPK to Participants.
  17. No dealer or other registrant is, or is expected to be, involved in the Offering.
  18. A MPK does not give the acquirer any equity or other interest in the Filer including, for greater certainty, a right to participate in the profits or the distribution of assets of the Filer, nor any voting rights in any meeting of the security holders of the Filer.
  19. The Filer will make the following information reasonably available to all Participants via its website and on the *impak.eco* network, on a quarterly basis (the "**Quarterly Information**"):
    - (a) the value of MPK and the exchange rate for Canadian dollars;
    - (b) the description of the basket of goods and services used to determine the value of the MPK;

- (c) the number of MPK outstanding; becoming, a reporting issuer in a jurisdiction of Canada.
  - (d) the number and value of MPK issued, repurchased or cancelled during the period; 26. The Filer will ensure that, at all times, MPK are only held by Participants.
  - (e) the modifications to the rewards structure; and 27. The Filer will not permit any trades of MPK between Participants that are individuals and capital partners or between each of them.
  - (f) the balance of the "reserve fund" maintained by the Governance Body, as described in the Offering Memorandum, for conversions of MPK into Canadian dollars. 28. All MPK transactions will be recorded on the Waves blockchain, as described in the Offering Memorandum, and the Filer will know the identity at all times of a holder of any given MPK and ensure that such holder fits within one or more of the foregoing categories of Participants. The Filer will be solely responsible to ensure adequate operation of the blockchain.
20. The Filer will also provide to Participants updates regarding its short-term objectives, as described in the Offering Memorandum.

**Registration Relief**

21. Each Participant must set up a profile on the Filer's web platform or *impak.eco*, as applicable, and provide the Filer with the detailed personal information which is independently verified by an instant electronic identity verification service in order to comply with applicable regulations, including in relation to anti-money laundering and anti-terrorist financing.
29. MPK are not currently listed for trading on any stock exchange, organized market or cryptocurrency exchange and there is no intention to have MPK so listed in Canada or elsewhere.

**Decision**

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Makers to make the decision.

22. The Filer will also conduct know-your-client and suitability reviews for each Participant both in respect of the Offering and any subsequent distributions of MPK on *impak.eco*. The investment for each Participant will not exceed \$2,500 per investment or the equivalent in Bitcoin or Ether (the "**\$2,500 Limit**"). The Filer will determine, for each Participant who represents itself as either an accredited investor or an eligible investor and seeks to invest an amount exceeding the \$2,500 Limit, whether such Participant is an accredited investor or an eligible investor, as the case may be, and may exceed the \$2,500 Limit.
- The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

23. The Filer will take all reasonable measures to determine the value of Bitcoin or Ether at the time a Participant pledges the amount he wishes to invest. At the time of the actual payment, the Filer will reassess the value of Bitcoin or Ether to validate that the amount does not exceed the Participant's applicable limit.
1. With respect to the Registration Relief, the following conditions are met:
- (a) The Filer will conduct know-your-client and suitability reviews for each Participant and will determine, for each Participant who represents itself as either an accredited investor or an eligible investor and seeks to invest an amount exceeding the \$2,500 Limit, whether the Participant is an accredited investor or an eligible investor, as the case may be;
  - (b) Neither the Filer nor any of its directors, officers, employees, agents or representatives will provide investment advice to the Participants with respect to a distribution in MPK;
  - (c) The Filer will deal fairly, honestly and in good faith with its Participants;
  - (d) The Filer will establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to manage the risks associated with its business in accordance with prudent business practices, including with respect to the Waves Blockchain, cybersecurity and

**Prospectus Relief**

24. In the absence of the Prospectus Relief, the first trade in MPK between a Participant and a Merchant as described in paragraph 7 of this Decision will be a distribution.
25. The prospectus exemption in section 2.5 of *Regulation 45-102 resale of Securities* will not be available in connection with the first trade in MPK because the Filer is not, and has no intention of

conflicts of interest between the Filer and Participants.

2. With respect to the Prospectus Relief, the prospectus requirement will apply to first trade in MPK, unless the first trade is made between a Participant and a Merchant as described in paragraph 7 of this Decision.
3. The Filer will make the Quarterly Information reasonably available to Participants, via its website and on the *impak.eco* network, within 10 days after the end of each quarter of the Filer's financial year.
4. MPK issued in the Offering and on *impak.eco* will not be listed and traded on any exchange, cryptocurrency exchange or organised market, unless such listing is done in accordance with applicable securities laws and approved in advance by the Principal Regulator.
5. The Filer will provide the Principal Regulator with any report, document or information that may be requested for the purpose of monitoring compliance with securities law and the conditions of this Decision, on a timely basis, in a format acceptable by the Principal Regulator.
6. This Decision may be amended by the Principal Regulator from time to time upon written notice to the Filer.
7. This Decision ceases to have effect 24 months after the date of the Decision.

**DATED** at Toronto, Ontario, this 16th day of August, 2017

"William Furlong"  
Commissioner  
Ontario Securities Commission

"Grant Vingoe"  
Commissioner  
Ontario Securities Commission

## **2.1.6 Pacific Road Capital Management Pty Ltd. et al.**

### **Headnote**

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

Section 6.1 of NI 62-104 – Exemption from the formal take-over bid requirements – Filers propose to make normal course purchases of common shares of the issuer – Filers acquired large block of the issuer's common shares in connection with a plan of arrangement involving the issuer such that the Filers cannot rely on the normal course purchase exemption set out in section 4.1 of NI 62-104 – Filers seeking flexibility to purchase additional common shares in the market and to provide liquidity – Filers granted relief to acquire common shares in the normal course provided that such purchases satisfy the requirements of section 4.1 of NI 62-104, except that, for the purpose of calculating the 5% purchase limit, the common shares of the issuer acquired by the Filers in connection with the plan of arrangement will be excluded – Issuer advised of and supports the application.

### **Applicable Legislative Provisions**

National Instrument 62-104 Take-Over Bids and Issuer Bids, Part 2 and s. 6.1.

**September 14, 2017**

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA AND ONTARIO  
(the Jurisdictions)**

**AND**

**IN THE MATTER OF  
THE PROCESS FOR EXEMPTIVE RELIEF  
APPLICATIONS IN MULTIPLE JURISDICTIONS**

**AND**

**IN THE MATTER OF  
PACIFIC ROAD CAPITAL MANAGEMENT PTY LTD.,  
PACIFIC ROAD RESOURCES FUND II AND  
PACIFIC ROAD RESOURCES FUND II L.P.  
(collectively, the Filers)**

**DECISION**

### **Background**

- 1 The securities regulatory authority or regulator in each of the Jurisdictions (each a Decision Maker) has received an application (the Application) from the Filers for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption (the Requested Relief), pursuant to section 6.1 of National Instrument 62-104 *Take-*