

Relationship Disclosure Information

Dear Investor,

As a part of our continued efforts to keep you informed about our business operations, the regulations, policies and procedures guiding our operations, and the act of investing, we wanted to provide you with the following information:

1. SVX's registration as an exempt market dealer ("EMD")
2. Prospectus exemptions
3. Risks of investing in exempt markets
4. Risks of using borrowed money to invest
5. How client assets are held
6. Description of compensation paid by issuers to SVX
7. Description of Fees Charged to Client
8. Independent dispute resolution services
9. Suitability
10. Client reporting
11. Setting Expectations

1. SVX as an Exempt Market Dealer

SVX is a not-for-profit entity is registered as an exempt market dealer in Ontario, Quebec, Alberta, British Columbia and Saskatchewan with the Ontario Securities Commission as its principal regulator.

The "exempt market" describes a section of Canada's capital markets where securities can be sold without the protections associated with a prospectus. Examples of activity in the exempt market include:

- A. Canadian and foreign companies, both public and private, selling securities to institutional investors and qualified investors
- B. Canadian and foreign hedge funds and pooled funds selling securities to institutional investors and qualified investors

Generally, securities offered to the public in Canada must be offered under a prospectus, which is a document that provides detailed information about the security and the company offering it. However, there are some exceptions to this rule that allow securities to be offered without a prospectus, called prospectus exemptions. These prospectus exemptions can help a company raise money without the time and expense of preparing a prospectus.

Investors who buy securities through prospectus exemptions generally do not have the benefit of ongoing information about the security that they are buying or the company selling it. As well, they often do not have the ability to easily resell the security.

SVX primarily offers exempt-market securities issued by third-party issuers.

2. Prospectus Exemptions

SVX supports investments by British Columbia, Alberta, Ontario, Quebec, Manitoba and Saskatchewan residents under various prospectus exemptions available to companies raising capital, including the Offering Memorandum Exemption and the Accredited Investor Exemption.

1. **Offering Memorandum Exemption** – under this exemption, any resident of British Columbia, Alberta, Ontario, Quebec, Saskatchewan or Manitoba may purchase securities from any issuer in such provinces provided the following conditions are satisfied:

Issuer Checklist:

- a. the investor must buy the security on his or her own behalf;
- b. restrictions on securities that can be distributed under the Offering Memorandum Exemption are: specified derivatives, structured finance products, investment funds (except in British Columbia and Manitoba). (Investment funds are restricted in Alberta and Saskatchewan unless they are non-redeemable investment funds or mutual funds that are reporting issuers. All types of investment funds are restricted in Ontario and Quebec).
- c. all marketing materials for the offering must be referenced in a statement within the Offering Memorandum and filed with applicable Canadian Regulators together with the Offering Memorandum (except in British Columbia and Manitoba);
- d. the issuer must sign a certificate that indicates that the offering memorandum does not contain a misrepresentation;
- e. before the investor signs the agreement to purchase the securities, the issuer:
 - i. obtains a signed risk acknowledgement form (Form 45-106F4) from the investor. Except in British Columbia and Manitoba, this includes:
 - schedule 1: Classification of Investors under the Offering Memorandum Exemption
 - schedule 2: Investment Limits for Investors under the Offering Memorandum Exemption; and
 - ii. delivers an offering memorandum, prepared in the required form, to the investor (OM for Non-Qualifying Issuers- Form 45-106F2; OM for Qualifying Issuers- Form 45-106F3)

Investor Limits (except investors in British Columbia and Manitoba):

- a. if the individual is a retail investor, invests no more than \$10,000 in a 12-month period;
- b. if the individual is an eligible investor, has not received advice from a portfolio manager, investment dealer or exempt market dealer that the investment is suitable and invests no more than \$30,000 in a 12-month period;
- c. if the individual is an eligible investor, has received advice from portfolio manager, investment dealer or exempt market dealer that the particular investment is suitable and invests no more than \$100,000 in a 12-month period.

Reporting Requirements:

- a. the issuer files the Offering Document (Form 45-106F2 or F3) with the Regulators at the point of sale;
 - b. issuers must file audited annual financial statements within 4 months of year end with the Securities regulators, except in British Columbia and Manitoba, and provide them to security holders in the manner required by each applicable jurisdiction, or in connection with the issuer's first use of the Offering Memorandum exemption, in certain cases within sixty days of the first distribution (for a financial year ending prior to the distribution date), if earlier;
 - c. except in British Columbia and Manitoba, issuers must file Notice of Use of Proceeds within 4 months of year end with the Securities regulators (Form 45-106F16);
 - d. issuers must notify investors in Ontario in the event of a discontinuation of the issuer's business, a change in the issuer's industry or a change of control of the issuer and file Notice of Specified Key Events (Form 45-106F17);
 - e. the issuer must provide the subscription agreement to each investor (for items to include in the subscription agreement, refer to Appendix B);
 - f. the issuer must provide the investor with share certificate(s);
 - g. the issuer must file Form 45-106F1 Report of Exempt Distribution through the OSC's Electronic Filing Portal, the BCSC's eServices, or in Quebec, Alberta, Saskatchewan and Manitoba on SEDAR, as applicable, no later than 10 days after the distribution and pay the applicable filing fee.
2. **Accredited Investor Exemption** – under this exemption, any resident of British Columbia, Alberta, Ontario, Quebec, Saskatchewan or Manitoba may purchase securities from any issuer in such provinces, provided the issuer obtains a signed risk acknowledgement form (Form 45-106F9) from the investor (not required for permitted clients or investors that are not individuals) and the investor satisfies any of the following criteria:

Investor Limits:

- a. earned a net income before taxes which exceeds \$200,000 (or \$300,000 combined income with spouse) in each of the two most recent years and who reasonably expects to exceed that net income in the current year;
- b. has alone or with spouse at least \$1 million in liquid financial assets (cash and securities) before taxes. (In calculating an individual's financial assets, any outstanding loans incurred to acquire those assets must be deducted.);
- c. holds alone or with spouse at least \$5 million in net assets;
- d. is a corporation, limited partnership, trust or permitted client having net assets of at least \$5 million.

Reporting Requirements:

- a. the issuer must provide the subscription agreement to each investor;
- b. the issuer must provide the investor with share certificate(s);
- c. the issuer must file Form 45-106F1 Report of Exempt Distribution: through the OSC's Electronic Filing Portal, the BCSC's eServices, or in Quebec, Alberta, Saskatchewan and Manitoba on SEDAR, as applicable, no later than 10 days after

the distribution and pay the applicable filing fee. Investment funds relying on certain prospectus exemptions have the option of filing Form 45-106F1 on an annual basis, within 30 days of the end of the calendar year.

Each investor will be required to recertify his, her or its eligibility as an accredited investor or other eligibility status prior to the closing of any transaction in which such investor participates. If, after this agreement is entered into, SVX becomes aware that you are not, or there is a reasonable basis for believing that you do not meet the eligibility requirements as an accredited investor or an eligible investor, as per the requirements above, SVX will immediately take appropriate action, including removing that investor's access to the Private Portal.

3. Risks of Investing in Exempt Markets

The investment opportunities posted on this portal have not been reviewed or approved in any way by a securities regulatory authority or regulator. They are risky and may result in the loss of all or most of your investment. You may receive limited ongoing information about an issuer or an investment made through this portal.

The main objective of these issuers is not to maximize returns to investors and you should invest in issuers whose offerings are posted on the SVX platform only if you are prepared not to receive any return on your investment and to lose your investment in its entirety. There are significant risks associated with the offerings posted on the SVX platform, including the severe illiquidity (including that there is no market for resale of securities issued through the offerings) and potential volatility of the investment.

The investor understands the significant risks associated with offerings posted on the private portal including the following:

Transparency

- exempt securities are not subject to the reporting issuer regime, they provide less information to their investors, and the information provided is not subject to the oversight of the regulators
- not every exempt security will reveal their portfolio
- it may be difficult for the client to ascertain whether the issuer is actually doing what it says it will do (i.e. whether it is adhering to its investment mandate, risk control process, trading discipline, and compliance processes)

Related Issuer

- where the EMD and the dealer are related parties, there is a conflict of interest
- an EMD cannot recommend a trade in a security issued by it or an affiliate unless they disclose the nature and extent of the relationship or connection between the EMD and the issuer.

Independent Review Committee

- there is no Independent Review Committee (IRC) for non-public investment funds

Liquidity Risks

- most exempt securities are subject to resale restrictions
- there is no secondary market for exempt securities
- the only means for liquidation may be through the issuer and if there is no redemption feature, the client will not be able to liquidate the securities at all
- even exempt securities which offer redemption features often do so on a limited basis and, in most cases, the issuer also has the option to suspend redemptions

Valuation Risk

- the accuracy and integrity of valuations can give rise to concerns which include:
 - conflicts of interest
 - accuracy of valuations

Investor Rights

- investors in exempt securities are not afforded the same legal rights that are available to investors who purchase prospectus-based investments
- there are no statutory rights for damages including:
 - right of rescission
 - right of withdrawal
 - secondary market civil liability

Investment Risk

- there is increased investment risk with exempt securities for the following reasons:
 - the risk of smaller businesses including those in the start-up phase pose higher risks
 - there is a higher risk of fraud due to the lack of transparency
 - the possibility that the client may lose some or all of the principal invested

4. Risks of Using Borrowed Money to Invest

Using borrowed money to finance the purchase of a security involves greater risk than a purchase using cash resources only. The purchase of securities using borrowed money magnifies the gain or loss on the cash invested. This effect is called leveraging. If you borrow money to purchase a security, your responsibility to repay the loan and any interest as required by the terms of the loan remain constant even if the value of the securities declines.

5. Holding Client Assets

SVX does not hold any client assets. Online transactions are processed using a third party firm: Versapay. Versapay has a trust account with TD Canada Trust who will hold the funds in the client's name until approval for the release of funds has been granted from the SVX upon successful completion of a campaign. Once the transaction has been approved by SVX, the funds, less SVX fees, will be released to the issuer. The assets will be held in the client's name with the issuer. If the client provides a physical cheque to the SVX, the cheque should be made payable to the issuer and the cheque will be sent to the issuer along with an invoice for SVX fees.

6. Compensation Paid by Issuers to SVX

Campaigns targeting accredited investors or retail investors will have the following fees:

1. **Review and Support Fee:** Issuers will be charged \$2,500, \$5,000 or \$7,500+ to cover review and support costs for their campaign. Fees will be determined based on issuer and offering readiness and the level of development and customization required.
2. **Transaction Fee:** One (1) to two (2) per cent of all funds raised through the platform. This covers support that SVX provides over the course of raising the funds as well as post-investment support.
3. **Dealing Representatives:** The dealing representative in Quebec receives 50% to 70% of the above fees for those issuers onboarded from Quebec or for capital raised from investors residing in Quebec.
4. **Conflict of Interests Risk:** There is an increased risk that the firm's dealing representative in Quebec may be influenced to recommend a product that provides them better compensation, even though another product available at the firm may be just as good, or better, at meeting the client's investment needs and objectives. SVX takes many precautions in addressing this conflict in the best interest of its clients. All issuers go through a rigorous due diligence process; including an extensive KYP process with information and documentation requirements, external issuer review committee assessment, and a management and compliance assessment before an issuer is onboarded to the platform and before any onboarding fees are collected. Issuers providing third-party compensation or higher third-party compensation are subject to the same KYP processes and selection criteria as other similar issuers providing lower levels of third-party compensation or no third-party compensation. In addition, KYC and Suitability are reviewed by the CCO and/or UDP to ensure the opportunity is the right fit for the investor. Furthermore, SVX:
 - a) Does not create incentives to sell or recommend certain products or services over others;
 - b) Does not set any sales or revenue targets for the dealing representative or any registered individuals; and
 - c) Does not compensate its compliance, supervisory staff or dealing representatives based on overall SVX sales or revenue.

7. Description of Relevant Fees Charged to Client

Before SVX accepts an instruction from a client to purchase or sell a security in an account other than a managed account, SVX will disclose to the client:

- Any charges the client will be required to pay with respect to the purchase or sale, or a reasonable estimate if the actual amount of the charges is not known to the firm at the time of disclosure.
- Any Investment fund management expense fees or other ongoing fees that the client may incur in connection with the security.
- In the case of a purchase to which deferred charges apply, that the client might be required to pay a deferred sales charge on the subsequent sale of the security and the fee schedule that will apply.
- Whether the firm will receive trailing commissions in respect of the security.
- Any operating charges the client might be required to pay related to the clients account, and
- A general description of the types of transaction charges the client might be required to pay.

If the client will be required to pay any investment fund management expense fees or other ongoing fees in connection with the security, any operating charges related to the client's account, or any transactional charges, SVX will provide a general explanation of the potential impact of these charges on a client's investment returns from each of the fees from each of the applicable investment fund management expense fees and/or other ongoing fees, including the effect of compounding over time.

8. Independent Dispute Resolution Service

The OmbudsNetwork gives Canadian consumers access to independent complaint resolution services involving the banking, insurance, securities and mutual fund industries. The OBSI is the branch of the OmbudsNetwork that processes securities-related complaints. A client must attempt to resolve the complaint with the firm before the OBSI will review it.

In the rare event there is a financial dispute between you and the SVX, that we cannot mutually resolve, within 90 days, or if the Complainant is not satisfied with the resolution within 180 days of receiving SVX's decision, you may use the services of the Ombudsman for Banking Services and Investments ("OBSI") to act as mediator for the complaint, provided the amount claimed is \$350,000 or less, and is related to a trading or advising activity conducted by SVX within 6 years of the Complainant discovering the action. There is no charge to the client for dispute resolution with OBSI.

For SVX's complaint policy and procedures, please refer to Complaints Policy. For further information on OBSI and the services they offer please go to: <https://www.obsi.ca/en/ehome>.

9. Suitability

SVX, as an EMD, is required under securities legislation, as part of the Know Your Client (KYC) rules, to review and advise clients on the suitability of any products being offered for sale. The KYC obligations require SVX to make all recommendations based on a careful analysis of both information about the client and information relating to a particular transaction. SVX and its registered individuals must take reasonable steps to ensure that, before they make a recommendation to or accept an instruction from a client to buy or sell a security, the purchase or sale is suitable for the client. The obligation to conduct a suitability assessment generally applies to all clients, regardless of their size or the level of sophistication, unless an exemption is available. Having SVX's approval to sell the issuers that are promoted on the SVX platform or other securities does not mean that the issuers or other securities will be suitable for all clients; therefore, SVX's Registered Individuals must determine the suitability of each transaction for every client.

SVX will review the suitability of the securities by reviewing the following of the client:

- investment needs and objectives;
- financial circumstances (including net worth, income, current investment holdings, and employment status);
- Personal circumstances;
- time horizon for their investments; and
- risk tolerance for various types of securities and investment portfolios (taking into account the client's investment knowledge).

The extent of KYC information a registrant needs to determine suitability of a trade will depend on the:

1. client's circumstances
2. type of security
3. client's relationship to the registrant
4. registrant's business model

Even if a SVX dealing representative has determined that an investor qualifies as an accredited investor, the dealing representative must still assess whether the investment is suitable for the investor.

10. Client reporting

The following will be provided to all clients:

- trade confirmations of each investment promptly following the trade
- monthly statements in the month that there has been a transaction
- quarterly statements, even where there have been no transactions
- annual statement summarizing, all investment transactions made during the year, detailing the quantity, description of the investment, initial cost, any gain or loss, value at year end and fees paid.
- communications regarding significant updates about securities held by client.

The above reports will be available to all investors via the platform. Once posted on the platform, each client will receive an email notification of the availability of the report on the platform and its nature.

11. Setting Expectations

The SVX encourages you, as our client, to actively participate in our relationship. You are encouraged to:

- Keep SVX up to date about your Know-Your-Client (KYC) information
 - Promptly notify the SVX about any change in your information that could result in a change to the types of investments appropriate for you, such as a change to your income, net worth, investment objectives, risk tolerance, or time horizon.
- Be informed about your investments
 - You should fully understand your investments by asking questions, consulting professionals, and carefully reviewing the literature provided to you.
- Stay informed about your investments
 - Review all account documentation provided to you and to regularly review portfolio holdings and performance. You should also request information from the SVX if you have concerns about your accounts, transactions, your relationship with the SVX, or your relationship with the Dealing Representatives.