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Securities Commission

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Nova Scotia Securities Commission proposes amendments to capital raising limits under CEDIF investment fund exemption

Halifax – The Nova Scotia Securities Commission today [proposed amendments](#) to Nova Scotia Securities Commission Policy 45-601 Community Economic Development Investment Funds and a corresponding Blanket Order (No. 45-521) that will increase the amount of capital that certain Community Economic Development Investment Funds (CEDIFs) may raise, so long as they provide additional protections for investors in those funds.

CEDIFs raise money from investors in order to provide capital to businesses within a defined community distinguishable by common geographic, economic or cultural characteristics. The provincial government supports these community initiatives by providing an Equity Tax Credit for eligible investments made in CEDIFs.

Today's proposal affects only those CEDIFs that invest passively by not seeking to exercise control or actively manage the entities they invest in. These CEDIFs are "investment funds" under Nova Scotia securities law, and the CEDIF is acting as an "investment fund manager". Under the current Policy and Blanket Order, such CEDIFs may only raise up to \$6 million from investors, and are subject to other restrictions, because they are not required to comply with all the requirements that apply to investment funds and registered investment fund managers.

The Commission proposes to increase the limit to \$25 million, provided that any CEDIF that wishes to take advantage of this increased limit must provide enhanced protection to investors by:

- Preparing audited annual financial statements under International Financial Reporting Standards;
- Providing an annual certification that the CEDIF's financial statements do not contain any misrepresentations and fairly present the issuer's financial condition; and
- Obtaining a risk acknowledgement from investors at the time of investment.

"The proposed policy and proposed blanket order seek to provide appropriate additional investor protection measures in exchange for an increase in the capital raising limit, to foster the process of capital formation under the Province's CEDIF programme", said Paul Radford, Chair of the Commission.

The current [Policy](#) and [Blanket Order](#) are available on the Commission's website, as are the [proposed amendments](#).

Interested stakeholders may provide written comments on the proposals until December 20, 2023, following the instructions provided in today's notice.

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