



## **Silver Maple Ventures Inc.**

### **Relationship Disclosure Information**

#### **General**

National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* requires securities dealers to disclose information that a reasonable investor would expect to know about the client’s relationship with the dealer, including any material conflicts the dealer or its representatives may have with a client. These regulations require dealers to provide this disclosure to clients prior to making any trades.

#### **Registration**


Silver Maple Ventures Inc. (“**Silver Maple**”, “**SMV**”) is registered as an exempt market dealer in British Columbia, Alberta, Ontario, Manitoba, New Brunswick, Nova Scotia, Saskatchewan and Quebec. Silver Maple carries on business in each of the provinces noted above under the business names “SMV Capital Markets” and in Quebec, under the business name “Les Entreprises Erable Argenté”.

#### **Business activities**

Silver Maple, doing business as “SMV Capital Markets” sells exempt market securities over the internet through the SMV platform. The securities that SMV sells are not offered by prospectus. Silver Maple sells securities of related, unrelated or connected issuers to individuals and corporations that can rely on an exemption provided under National Instrument 45-106 – *Prospectus and Registration Exemptions (45-106)*, *BC Instrument 45-535 Start-up Crowdfunding (45-535)* and *Multilateral Instrument 45-108 Crowdfunding (45-108)*, as the case may be. SMV provides disclosure on related and connected issuers through an issuer’s offering documentation and/or within the issuer’s profile on the SMV platform. SMV has previously raised capital for itself through its platform and may do so in the future (please see ‘Conflicts of Interest’). A list of past and current connected or related issuers are cited in **Appendix A**.

#### **Client funds held in Trust Account**

Silver Maple deposits payments made by investors for a securities purchase in a Trust Account held at a Canadian Financial Institution at the time of receipt. Upon the closing of an offering, an offeror (issuer) reviews the subscription documentation for each investment and accepts or rejects a client’s investment. If the client’s subscription is accepted, the funds are released from the Trust account to the issuer, at which point, delivery of proof of ownership is electronically delivered to the client, unless otherwise stated in the offeror’s offering or subscription documentation that proof of ownership is to be delivered by other means. If the offering does not close or if the client’s subscription is rejected, the client’s funds are returned to the client.



For investments not held in trust, an investor is required to provide payment for the purchase of securities to an issuer directly. Instructions for delivering payment to an issuer are contained in the issuer's offering documentation and/or subscription agreement for its offering.

Securities Offerings ('Campaigns') listed on the platform may have a minimum aggregate investment amount of a certain amount which may be equal to zero. If an offering has a minimum higher than zero then at least this minimum must be met for the campaign to be 'successful'. If the minimum is zero, then the campaign is assumed to always be successful. If there is no minimum this is stated on the listing including the summary tomb stone or 'pitch poster' as we call it. Campaigns on the platform also have a 'target' amount which may be equal or higher than the Minimum Amount.

In addition, there may be 'rolling' closes where the invested funds are disbursed to the Issuer at multiple times. Rolling closes can be applied for distributions under FF&BA, AI and OM. The first rolling closing of an offering may occur once the minimum amount has been reached.

Funds received from a client may be collected through offline and online payment methods. At the close of a campaign, online payments are processed over a 5-8 business day period by a third-party payment merchant who then sends the collected funds to the firm via an Electronic Funds Transfer. These transfers are allocated to the firm's Clearing Account with a Canadian Financial Institution. Trust accounts for each individual campaign are reconciled at the end of each month. During the reconciliation, the total funds raised by the campaign (for the month) are transferred from the Clearing account to the specific trust account for the campaign.

Offline payment methods include cheque, wire, direct deposit and e-transfer. These payments are directly allocated to the applicable trust account for the campaign.


For some campaigns, the firm does not receive funds from a client. In these instances, clients are given instructions on delivering their payment directly to an issuer after approval.

Should a campaign be successful, funds are disbursed to the issuer (minus fees and commission). Disbursements to issuers are reconciled at the end of the month within the firm's Trust account.

If the campaign is unsuccessful, the funds are returned to the investor via cheque or bank transfer within 5 business days of the campaign closing. Disbursements to investors are reconciled at the end of the month within the firm's Trust account.

The firm indicates the amounts an issuer has raised during a campaign through an online tracker feature. Amounts shown in the tracker include all capital raised by the issuer for an issuance, both on and off the platform.

## **Investment risks**



As an exempt market dealer, Silver Maple can trade and underwrite exempt market securities. ***Exempt market securities are risky investments and you could lose all the money you invest in such securities.***

In general, investment products sold in the exempt market are considered high risk because:

1. They are not covered by deposit or investor protection insurance;
2. Regulators do not review offering memoranda for completeness;
3. Private issuers are not subject to the same ongoing disclosure obligations as reporting issuers;
4. Many exempt products are not as liquid as publicly-traded securities and you may be restricted in your ability to sell or transfer these securities; and
5. Exempt products are often subject to a greater degree of “key person” risk than more widely held securities.
6. There can be no assurances that an investment will maintain its net acquisition value or produce any projected income or capital return. Investment values change frequently and past performances may not be repeated.
7. Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines. See “use of borrowed funds”.

The risks highlighted above are not conclusive. Risk disclosures specific for each offering are reviewed by SMV and are presented within the offering memorandum or other offering documents for the issuance. ***Offering documents and the risks associated with the securities of an issuer contained therein should be reviewed thoroughly by an investor or an investor’s professional advisors before making an investment.***

## **Cyber Security Risks**

The Company is dependent upon information technology systems which may be at risk for cyber security breaches. Information technology companies such as SMV Capital Markets collect and protect sensitive information of individuals as part of a KYC (Know your Client) protocol. The Company monitors and updates its system for protecting personal information of its clients on a continual basis.

The Company utilizes the services of third parties to collect personal information it requires from clients to verify identity as part of its KYC obligations as a registered dealer. Third parties may experience cyber security breaches, maintain inconsistent levels of cyber security monitoring or provide inadequate safeguards within their services provided to the Company outside the control of the Company. The Company mitigates these risks through scheduled audits of its third-party providers to assess their ongoing ability to protect the personal information of its clients.



## Conflicts of Interest

Silver Maple Ventures may sell securities of unrelated, related and connected issuers. SMV provides disclosure on related and connected issuers through an issuer's offering documentation and/or within the issuer's profile on the SMV platform.


SMV, or SMV Capital Markets, as a registered dealer has raised capital previously and may in future raise capital for itself through its online platform. Consequently, pursuant to securities legislation, SMV is considered to be a Connected Issuer and in such case may be considered to be in a Material Conflict of Interest in an offering of its own securities. SMV addresses this material conflict of interest by full disclosure to potential investors, if any, within offering documentation and within communications on the platform. When SMV raises capital for a related and connected issuer, including when offering securities of its own issue, it conducts the same degree due diligence on itself that it would in respect of any other issuer under SMV's Know Your Product (KYP) process prior to making such offering available for purchase on the platform. SMV applies the same Know Your Client (KYC) and Suitability assessment process for its own securities and the securities of any related and connected issuer in accordance with sections 13.2 & 13.3 of National Instrument 31-103 as it does for unrelated issuers.

SMV receives a commission fee from issuers when an issuer's offering is successfully sold to investors through the platform. An offering is deemed successful if it meets the threshold of a minimum amount raised during the time of the offering. If no minimum amount is in place for an offering, SMV receives a commission on each individual investment – *Please see fees and commissions*. SMV also charges an issuer due diligence and administrative fees for processing an offering. SMV is not required to list an issuer's securities on the platform in receiving due diligence or administrative fees. SMV undertakes best practices in collecting due diligence information on the issuers and the securities it considers to make available for purchase by qualified investors on the platform. Not all issuers which solicit SMV to sell their securities are accepted to enter into an agreement with SMV to sell their securities. If SMV and an issuer enter into an agreement, acceptance of an issuer and their securities on the platform is determined by multiple considerations during a due diligence review. If an issuer is not approved by SMV's Investment Review Committee, they are given an opportunity to improve their offering in the interest of potential investors before an offering is made available on the platform. SMV is of the opinion that not all investments are suitable for all investors and it undertakes best efforts to provide products which may be suitable for different investors.

Silver Maple expects that all employees will avoid any activity, interest or association which might interfere or appear to interfere with the independent exercise of their judgement in the best interest of Silver Maple, its clients and the public. Employees must avoid any situation in which their personal interests conflict with their duties at Silver Maple.

When an employee knows a conflict of interest exists or is perceived to exist, all details of the conflict of interest must be immediately provided to the Chief Compliance Officer of Silver Maple.

An employee of Silver Maple must report to the Chief Compliance Officer of Silver Maple any situation that might give rise to a real or perceived conflict of interest, including but not limited to i) outside business activities; ii) outside business activities by a spouse or other relative living in the same



residence; iii) shareholdings in an issuer of greater than 10% of the issued shares on a fully diluted basis, whether voting or not; iv) family affiliation with the controlling management or ownership of an issuer; v) lawsuits or other significant adversarial actions against the issuer, no matter who initiated them; and vi) information about any undisclosed interests or business of Silver Maple or an employee that a client would reasonably expect to be told to make an informed decision about an introduction.

In the event that an employee of Silver Maple reports any situation that might give rise to a real or perceived conflict of interest, the Chief Compliance Officer of Silver Maple will i) disclose the conflict to the client; or ii) supervise the conflict to ensure that the party with the conflict acts only in the client's best interest; or iii) ensure that no business is conducted that results in a conflict of interest.

All employees of Silver Maple are prohibited from trading for their own account any security in which they have inside or non-public information. Employees must obtain approval from the Chief Compliance Officer before purchasing a security offered on the platform for their own account.

## **Suitability of investments**

Silver Maple Ventures Inc. will assess whether a purchase or sale of a security is suitable for you prior to executing a transaction. The securities SMV offers may not be suitable for all clients. Silver Maple is obligated under section 13.3 of National Instrument 31-103 to make a determination to ensure the proposed investment is suitable for you. To assess the suitability of proposed investments, Silver Maple will obtain information relating to your investment objectives, investment time horizon, risk tolerance, investment knowledge, financial position and other relevant information related to your financial situation. In addition, section 13.2 of NI 31-103 and Fintrac legislation require Silver Maple to obtain information related to your identity. All this information is collected through the Investor Information Form provided on SMV.

## **Use of borrowed funds**

***Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.***



## **Fees and compensation**

Silver Maple earns a one-time sales commission which is paid by the issuer where Silver Maple has acted as agent. The amount of the commission is disclosed in the offering documents of the issuer. Silver Maple also charges an issuer fees to cover due diligence processing and other administrative services.

Silver Maple Ventures may also sell products which carry a trailing fee. Disclosures on trailing fees are included within the offering documents for the issuance. Trailing fees are collected by the firm and passed to the dealing representative for the product where applicable. SMV does not collect trailing fees from clients for its own account.

## **Trade confirmations and client statements**

The contractual agreement regarding the investment is between you and the issuer. The issuer or its agent provides clients with a subscription agreement or other documentation to demonstrate ownership of an investment.

As an exempt market dealer, Silver Maple is required to promptly send out information to confirm a trade as well as a client statement at the end of the quarter in which the trade closed. Clients may also review their account statements on a monthly basis on SMV. Silver Maple may confirm a trade either by providing clients with a separate trade confirmation document or through a combination of the offering documents, subscription agreement and all other required documentation related to the trade. SMV sends notification to clients on a quarterly basis requesting clients to review their account activity and update pertinent information for their account if necessary. The content of the quarterly reports to clients includes the date of a transaction, the name of the security, the number of securities, the price per security and the total value of the transaction.

## **Benchmarks**

Silver Maple does not provide benchmarks for performance reporting. Exempt market securities may not be listed on any stock exchange or could be subject to a lockup period. As a result, Silver Maple does not believe there are meaningful benchmarks for the securities it sells.

## **Dispute resolution**

Silver Maple offers independent dispute resolution or mediation service, at its own expense, to clients to resolve client complaints as defined by section 13.16 of NI 31-103. Upon receiving a complaint from a client, SMV will send an acknowledgement in writing within 48 hours of receiving it. Written complaints are reviewed and investigated within 30 days of receiving the complaint. The firm will provide the client with a written acknowledgement of the complaint that includes a description of the firm's obligations as they apply to 13.16 of NI 31-103 and provide the steps a client must take for an independent dispute resolution or mediation service to be initiated.



## **APPENDIX A**

### **Connected Issuers:**

#### ***Silver Maple Ventures (SMV Capital Markets)***

In 2016, SMV sold securities of its own issue to qualified investors on the platform utilizing the Offering Memorandum Exemption.

In 2018, SMV commenced selling securities of its own issue to qualified investors on the platform utilizing the Offering Memorandum Exemption.

### **Related Issuers:**

#### ***Hummingbird Hydrogen***

A director of Silver Maple Ventures (Peter Scarth), is also the CEO of Hummingbird Hydrogen. This investment was available to accredited investors only.