

Terms & Conditions related to: Other

FrontFundr Financial Services Inc. (the Firm) and its principals operate an on-line securities crowdfunding platform operating as "FrontFundr" (the Platform). The Firm has advised staff of the British Columbia Securities Commission (the Principal Regulator) that they intend to use an automated system to determine whether a purchase of a security is suitable for a client before accepting an instruction from that client to buy that security (the Automated System) on the Platform.

Staff of the Principal Regulator have consulted with staff of the Regulatory Sandbox of the Canadian Securities Administrators and have advised the Firm and its principals that use of the Automated System has novel elements in Canada, and therefore restrictions and additional reporting on such automated system is necessary to monitor developments in this new area.

The Firm's registration is subject to the following terms and conditions:

1. The Automated System may only be used for a client's instruction to purchase securities that is made through the Platform.
2. Prior to using the Automated System to determine whether a client's instruction to purchase securities of an issuer is suitable, the Firm must provide to the client written notice in a prominent manner that:
 - a. The Firm intends to use the Automated System to evaluate the suitability of the client's instruction;
 - b. The Automated System is novel under securities laws and is being operated as a test through the CSA Regulatory Sandbox; and
 - c. The Firm is required under securities law to conduct a suitability assessment prior to accepting a client's instruction to purchase a security.
3. The Firm must provide the Principal Regulator with thirty days' prior written notice of material changes to the Automated System.
4. Except for an investor who is an "accredited investor" (as defined in section 1.1 of National Instrument 45-106 Prospectus Exemptions (NI 45-106)), the Firm will ensure that the acquisition cost of all securities acquired by an investor, for which the Automated System was used to determine whether such acquisitions are suitable for that investor, in the preceding 12 months does not exceed the following amounts:
 - a. In the case of an investor that is not an eligible investor (as defined in section 1.1 of NI 45-106), \$10,000;
 - b. In the case of an investor that is an eligible investor, \$30,000, and

- c. In the case of an investor that is an eligible investor and that received advice from the Firm that the investment is suitable, \$100,000.

5. Within thirty days of the end of each calendar quarter, the Firm must provide the following reporting to the Principal Regulator:

- a. The amounts raised through purchases on the Platform that used the Automated System during that quarter, and what proportion this represents of the total funds raised through purchases on the Platform;
- b. The number of suitability assessments performed by the Automated System during that quarter, and what proportion of those client instructions were determined suitable;
- c. The number of suitability assessments performed during that quarter by both the Automated System as well as a dealing representative of the Firm or the chief compliance officer of the Firm, and details of any client instructions where the two assessments yielded different results; and
- d. Details of investor complaints received by the Firm.

The Firm may not use the Automated System to determine suitability for client instructions after December 31, 2021, unless further extended by the executive director.