

November 28, 2014

**IN THE MATTER OF**  
**THE SECURITIES LEGISLATION OF ONTARIO, BRITISH COLUMBIA, ALBERTA,**  
**SASKATCHEWAN, MANITOBA AND NOVA SCOTIA (THE JURISDICTIONS)**  
**AND**  
**IN THE MATTER OF**  
**THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE**  
**JURISDICTIONS**  
**AND**  
**IN THE MATTER OF**  
**THE TRENDLINES GROUP LTD. (THE FILER) DECISION**

## **Background**

The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Makers) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer is not a reporting issuer (the Exemptive Relief Sought).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

## **Interpretation**

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined herein.

## **Representations**

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

1. The Filer was incorporated in Israel under the Israeli Companies Law on May 1, 2007, under the name T.I.F. Ventures Ltd. On July 16, 2008, the Filer changed its name to The Trendlines Group Ltd.

2. The Filer's registered and head office is located at 17 Thelet Street, Misgav Business Park, M.P. Misgav 20174, Israel.

3. The Filer is a reporting issuer in each of the Jurisdictions.

4. The Filer became a reporting issuer in the Jurisdictions upon the issuance of a receipt for the Filer's prospectus dated September 18, 2014 (the Prospectus) in connection with a proposed initial public offering (the IPO) of the Filer's securities pursuant to the Prospectus.

5. The Filer did not close the IPO and no securities have been, or will be, distributed pursuant to the Prospectus.

6. The Filer is not listed on the Toronto Stock Exchange or any other stock exchange inside or outside of Canada.

7. The Filer has no present intention of seeking financing by way of public offering of securities in Canada or elsewhere.

8. The Filer's registered (authorized) share capital is NIS 1,000,000 divided into 100,000,000 Ordinary Shares of NIS 0.01 par value of which 39,839,119 ordinary shares are currently outstanding. In addition, there are an aggregate of (a) 6,694,371 ordinary shares issuable upon the exercise of options outstanding under the Filer's stock option plan (the Option Plan); (b) 585,446 ordinary shares issuable upon the exercise of an existing put/call option agreement (the Put/Call); (c) 46,896 ordinary shares issuable upon the exercise of a warrant (the Warrant); (d) 6,767 ordinary shares issuable upon the exercise of a broker warrant (the Broker Warrant); (e) \$1,575,071 principal amount of convertible debentures (the Debentures), excluding accrued interest, which are convertible into ordinary shares of the Filer upon the occurrence of certain events; (f) 117.58 compensation warrants convertible into 117.58 debentures at a purchase price equal to \$1,000.00 per debenture (the Debenture Broker Warrant); and (g) 2,714,583 ordinary shares subject to a share exchange agreement (the Share Exchange Shares), which convert following specified exit events, with shareholders of a subsidiary of the Filer.

9. The outstanding ordinary shares of the Filer are beneficially owned by approximately 92 shareholders.

10. The Debentures are beneficially owned by approximately 21 debentureholders.

11. The options under the Option Plan are beneficially owned by approximately 29 employees of the Filer, all of whom are resident in Israel.
12. The options under the Put/Call are beneficially owned by approximately 5 optionees, all of whom are resident in Israel.
13. The Warrant is issued to Tmura -- the Israeli Public Service Venture Fund, which is located in Israel.
14. The Broker Warrant is issued to one warrant holder, who is resident in Ontario.
15. The Debenture Broker Warrant is issued to two warrant holders, who are resident in Ontario and one of whom is the same holder as the holder of the Broker Warrant.
16. The rights to the Share Exchange Shares are issued to approximately 8 rightsholders, all of whom are resident in Israel.
17. The outstanding ordinary shares of the Filer are beneficially owned, directly or indirectly, by 10 shareholders who are resident in Canada, holding an aggregate of 323,956 ordinary shares. There are 7 shareholders located in Ontario, 2 shareholders located in Alberta and 1 shareholder located in Saskatchewan.
18. The outstanding Debentures of the Filer are beneficially owned, directly or indirectly, by 5 debentureholders who are resident in Canada, holding an aggregate of CAD \$183,071 of the outstanding principal amount of the Debentures, excluding accrued interest. All 5 debentureholders who are resident in Canada are located in Ontario.
19. All of the securities of the Filer issued to security holders in Canada were issued pursuant to a prospectus exemption.
20. The Filer completed a private placement of 96,667 ordinary shares at a price of US \$1.50 per share on October 27, 2014, to 3 investors who are resident in Ontario. The Filer also intends to complete a private placement of ordinary shares in the US and in Israel (if applicable) on similar terms. Sales of ordinary shares to residents of Ontario were made in accordance with the accredited investor exemption under section 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions*. The investors acknowledged in their signed subscription agreements that the Filer has applied for the Exemptive Relief Sought. No other trading of the Filer's securities has occurred in Canada since it filed the Prospectus.
21. No securities of the Filer including debt securities are traded in Canada or another country on a marketplace as defined in National Instrument 21-101

Marketplace Operation or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

22. The Filer is not in default of any of its obligations under the Legislation.

23. The Filer is subject to the provisions of the Israeli Companies Law, 5759-1999. As such, certain corporate records and information of the Filer are accessible to the public, including its address, articles of association, authorized and issued share capital, shareholders' names and shareholdings (not necessarily up-to-date), directors' names, registered liens and certain corporate resolutions adopted by the Filer, among other records. In accordance with the Israeli Companies Law and the regulations promulgated thereunder, the Filer is required to notify the Israeli Registrar of Companies upon certain corporate changes in the Filer, including without limitation, issuance and transfer of shares, appointment or dismissal of directors, imposition of liens, amendment or replacement of the Articles of Association, modifications in share capital, a merger and change of registered address, among other changes. In addition the Filer is required to file an annual report with the Israeli Registrar of Companies. The annual report is accessible to the public and contains general details regarding, among other things, the shareholders of the Filer and their shareholdings; the directors of the Filer; the name of the Filer's auditors; and the date the Filer's financial statements were presented to the shareholders in a general meeting.

24. The Filer is applying for the Exemptive Relief Sought in all of the jurisdictions of Canada in which it is currently a reporting issuer.

25. The Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 Applications for a decision that an Issuer is not a reporting Issuer because its outstanding securities are beneficially owned, directly or indirectly, by greater than 50 securityholders in total worldwide and because it is a reporting issuer in British Columbia.

26. If the Exemptive Relief Sought is granted, the Filer will no longer be a reporting issuer or equivalent in any jurisdiction in Canada.

27. The Filer issued a news release on September 30, 2014, announcing the cancellation of the IPO and that it intended to file an application in the Jurisdictions for a decision that it is not a reporting issuer in the Jurisdictions.

## **Decision**

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

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

"Jim Turner"  
Vice-Chair  
Ontario Securities Commission

"Deborah Leckman"  
Commissioner  
Ontario Securities Commission