

# STSI Holding Period Requirements

**An investment in an Eligible Startup Business must be held for a minimum of 3 years. All applicants are subject to this holding period. Failing to comply with the holding period will result in the following consequences:**

## ***Eligible Startup Businesses (ESBs):***

An ESB is liable for repaying the tax credits issued to an investor, if it redeems, acquires, or cancels the investor's shares/convertibles right within 3 years of the investment date.

## ***Individual or Corporate Investors:***

An individual or corporation may have their tax credit revoked or be liable to repay their credit, if they:

- Dispose of their shares/convertible rights in an ESB within 3 years of the investment date;
- Require an ESB to repay the investment amount or repurchase the issued shares/convertible rights within 3 years of the investment date; or,
- Require an ESB to pay any interest associated with the investment within 3 years of the investment date.

## ***Limited Partnerships:***

Following an investment, each limited partner is required to hold their interests in the Partnership for 3 years. A limited partner is liable to repay their tax credit if they dispose of their interests in the Partnership within 3 years of its most recent investment in an ESB.

Each limited partner may have their tax credit revoked or be liable to repay their credit, if the Limited Partnership:

- Disposes of its shares/convertible rights in an ESB within 3 years of the investment date;
- Requires an ESB to repay the investment amount or repurchase the issued shares/convertible rights within 3 years of the investment date; or,
- Requires an ESB to pay any interest associated with the investment within 3 years of the investment date.

## ***Venture Capital Corporation (VCCs):***

A VCC and its shareholders may have their tax credits revoked or be liable to repay their credits, if the VCC:

- Disposes of its shares/convertible rights in an ESB within 3 years of the investment date;
- Requires an ESB to repay the investment amount or repurchase the issued shares/convertible rights within 3 years of the investment date; or,
- Requires an ESB to pay any interest associated with the investment within 3 years of the investment date.

## **Treatment of Convertible Instruments Under the Holding Period:**

Simple Agreements for Future Equity (SAFEs) and Convertible Notes may be converted into shares during the 3-year holding period. However, the investor must hold the newly issued shares for the remainder of the holding period.

For any questions about these requirements, please see the [STSI Program Guide](#) or contact the Program Manager at [stsi@innovationsask.ca](mailto:stsi@innovationsask.ca)