

Section 1

Identification questions submitted via e-form through the CSA website

October 20, 2026 - Delivered via e-form through the CSA website

Publication title

Proposed Amendments to National Instrument 45-106 Prospectus Exemptions relating to the Listed Issuer Financing Exemption

Comment addressed to participating jurisdictions:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

Identification

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Email:

[REDACTED]

Place of residence:

ON, CA

Are you commenting on behalf of an organization?

Yes

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Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

Re: CSA Notice and Request for Comment – Proposed Amendments to National Instrument 45-106 *Prospectus Exemptions* Relating to the Listed Issuer Financing Exemption

Beacon Securities Limited ("**Beacon**" or "**we**") is pleased to provide the following comments in response to the CSA Notice and Request for Comment (the "**Notice**") published by the Canadian Securities Administrators (the "**CSA**") on July 23, 2026 with respect to proposed amendments to National Instrument 45-106 *Prospectus Exemptions*, including Form 45-106F19 *Listed Issuer Financing Document* (the "**offering document**"), and proposed changes to Companion Policy 45-106CP *Prospectus Exemptions* (collectively, the "**Proposed Amendments**").

Beacon is an independent Canadian investment dealer focused on small- and mid-capitalization issuers. Since the CSA introduced the Listed Issuer Financing Exemption ("**LIFE**" or the "**Exemption**") in 2022, Beacon has acted as agent and underwriter on 30 offerings completed under the Exemption, totaling \$340.3M of aggregate gross proceeds, including Canada's first ever LIFE offering (NevGold Corp., announced November 22, 2022). The comments below reflect our practical experience in structuring and executing these offerings. Our comments are those of Beacon and are not made on behalf of any issuer client.

Where our comments respond to specific questions posed in the Notice, we have included the text of the question for ease of reference. We have limited our responses to those questions on which we believe our experience as a dealer is most relevant, and accordingly have not responded to Questions 1(a) through 1(d), and 2(a) through 2(c). Capitalized terms used in this letter that are not defined have the meanings attributed to them in the Notice.

Part A – General Comments

The Listed Issuer Financing Exemption has been one of the most significant and successful developments in Canadian capital markets regulation in recent years. In addition, the issuance of the Coordinated Blanket Order 45-935 *Exemptions from Certain Conditions of the Listed Issuer Financing Exemption* (the "**Blanket Order**") has fundamentally improved how listed small- and mid-capitalization issuers access capital. As the Notice reports, in the year following the Blanket Order, 349 issuers raised \$3.7 billion under the Exemption, compared to \$1.1 billion raised by 280 issuers over the preceding two and a half years. At Beacon, we have seen the Exemption become the preferred structure for brokered offerings by our issuer clients, displacing both the traditional four-month-hold private placement and the standard short form prospectus offering. It provides issuers increased access to capital from a broader base of investors, without the significant added cost and cumbersome disclosure requirements associated with a prospectus offering.

Beacon is generally supportive of the Proposed Amendments. We believe that there are also additional opportunities to streamline the rules around the Exemption – to make it simpler to use and more consistent with the other offering frameworks within the Canadian capital markets ecosystem. We believe this is achievable without compromising important investor protections.

Our principal recommendations are that the CSA:

- (i) increase the dilution (security issuance) limit from 50% to 100% of current shares outstanding, and exclude warrants from this limit;
- (ii) change the total dollar limit to a flat limit of \$50 million for all issuers as the dilution limits already place appropriate caps on smaller issuers;
- (iii) permit the offering price to be omitted without requiring an expected price range in the announcement news release;
- (iv) allow pre-marketing to a targeted group of investors;
- (v) allow broader solicitation to begin upon dissemination of the announcement news release through a newswire service, with the news release and offering document required to be filed on SEDAR+ by the end of the day; and
- (vi) remove the requirement to post the offering document on the issuer's website.

Part B – Response to CSA Questions

3(a). Is the dilution limit in the Proposed Amendments appropriate?

The Exemption's dilution (security issuance) limit, rather than the dollar limit, is the primary limiting factor for most Canadian issuers. We have put together an analysis of issuers listed on the Toronto Stock Exchange, TSX Venture Exchange, Canadian Securities Exchange, and Cboe Canada. This analysis is our basis for Beacon's recommendation to increase this limit.

Our analysis shows that 85% of all issuers with market capitalizations below \$250 million (the threshold for a \$50 million offering limit) would be capped by the current dilution (security issuance) limit, rather than the dollar limit, for an all-share offering at a 15% discount. This number increases to over 90% for unit offerings including warrants, or at greater discounts. See the table below.

	# Issuers	% Sub-\$250M Issuers
Shares only; priced at 15% discount	1997	85%
Units with half warrant; priced at 15% discount	2115	90%
Units with full warrant; priced at 15% discount	2175	92%

Source: S&P Global Market Intelligence, as of October 19, 2026

Beacon recommends that the CSA increase the dilution (security issuance) limit from 50% to 100% of the issuer's listed equity securities, consistent with the threshold generally applicable to private placements.

The below table illustrates the effect of this change; the vast majority of Canadian-listed issuers will remain subject to the dilution (security issuance) limit rather than the dollar limit:

	# Issuers	% Sub-\$250M Issuers
Shares only; priced at 15% discount	1731	73%
Units with half warrant; priced at 15% discount	1896	80%
Units with full warrant; priced at 15% discount	1997	85%

Source: S&P Global Market Intelligence, as of October 19, 2026

Recommendation: Increase the dilution (security issuance) limit from 50% to 100% of the issuer's listed equity securities.

3(b). If not, what other dilution limits should we consider and why?

Warrant Treatment for Dilution (Security Issuance) Limit

We recommend changing the way the dilution (security issuance) limit treats warrants. The Exemption currently requires issuers to include warrants in their total allowable securities issuable under the dilution (security issuance) limit. We note that warrants are included only in the numerator for the calculation, not the denominator:

$$\text{Security Issuance Limit} = \frac{\text{Shares} + \text{Warrants Issuable under LIFE}}{\text{Current Shares Outstanding}}$$

The caveat to this is that issuers can exclude warrants that are not exercisable within 60 days of closing. Based on Beacon's experience, this is an overlooked part of the Exemption so, in practice, adding the 60-day hold is a workaround trick for those "in the know".

In Beacon's view, adding the 60-day hold period has almost zero impact on the value of a warrant. However, it is an added complication for the offering structure, creating a new kind of security that tends to raise questions from investors who have not encountered a 60-day hold before. Warrants underlying units typically have a 24-36 month term, with a typical strike price at a 30%-50% premium to the unit issue price. Investment logic dictates that it is highly unlikely for such a warrant to be exercised within only 60 days of issuance.

We suggest that only shares issuable under the Exemption should be included in the dilution (security issuance) limit:

$$\text{Security Issuance Limit} = \frac{\text{Shares Issuable under LIFE}}{\text{Current Shares Outstanding}}$$

Recommendation: Warrants should be excluded from dilution (security issuance) limit, regardless of when they become exercisable.

4. We propose to allow the omission of the offering price in the offering document if certain conditions are met. These conditions would include that the news release announcing the offering must include the expected range of the offering price and that the issuer must file an amendment to the offering document by the 2nd business day after the date the offering price is determined. Should issuers be required to include the expected range of the offering price in the news release announcing the offering?

We support expressly permitting issuers to omit, or "bullet", the offering price in the offering document for a marketed offering. We do not support requiring the announcement news release to include an expected price range. Issuers are permitted to launch marketed

offerings without disclosing a price or price range under other offering structures, including prospectus offerings and private placements relying on other exemptions, and we do not believe there is reason for the Exemption to be different. Investors are adequately protected by the requirement to file an amended offering document containing the final price before an investor enters into an agreement to purchase.

Recommendation: Allow issuers to omit an offering price in the offering document, without requiring an expected price range to be included in the announcement news release.

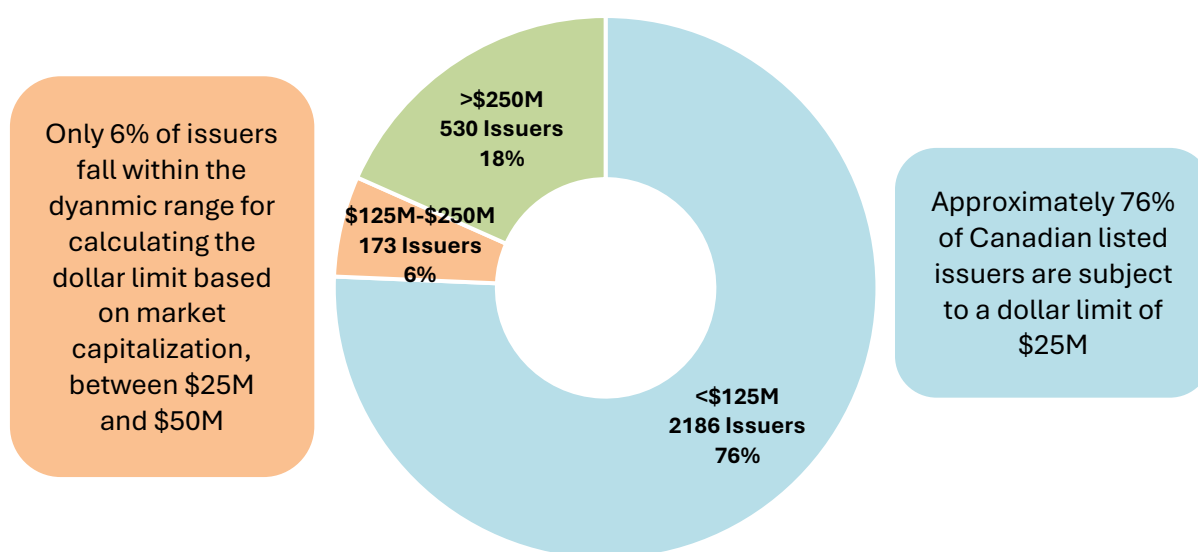
Part C – Additional Comments

Change to Total Dollar Limit

We recommend a change to the structure of the total dollar limit under the Exemption. As demonstrated in our response to Question 3, the dilution (security issuance) limit, rather than the dollar limit, is the primary limiting factor for most Canadian issuers. This will remain the case if the CSA adopts Beacon's recommended 100% dilution (security issuance) limit. In Beacon's view, the dilution (security issuance) limit prevents the risk of over-dilution by smaller issuers. The dollar limit can therefore be simplified to a single amount for all issuers.

Approximately 76% of the issuers listed on Canadian exchanges today have a market capitalization below \$125 million and are therefore subject to a dollar limit of \$25 million under the Exemption.

Further, only 6% of issuers fall within the dynamic range for calculating the dollar limit based on market capitalization between \$25 million and \$50 million. See the chart below.



Source: S&P Global Market Intelligence, as of October 19, 2026

This analysis, combined with our analysis on the dilution (security issuance) limit in response to Question 3, demonstrates what we have seen in our practice: the current structure of the dollar limit under LIFE is not serving as a limiting factor for the vast majority of issuers under \$250 million market capitalization. We recommend that the CSA remove the \$25 million cap and the dynamic range of \$25 million to \$50 million.

We believe a \$50 million limit is logical, as funds raised in excess of \$50 million over a 12-month period could reasonably be raised under the short form prospectus system. Beacon would also support a higher total dollar limit, recognizing that this limit should be able to accommodate inflation in years to come.

Recommendation: Change the dollar limit to a simple maximum of \$50 million.

Pre-Marketing

We recommend the CSA allow limited pre-marketing of a LIFE offering ahead of a formal launch and broader solicitation.

For private placements completed under the accredited investor exemption, issuers and dealers are permitted to pre-market an offering confidentially to a limited number of institutional and other accredited investors prior to announcement. This pre-marketing is extremely useful for determining the best offering terms, and ultimately resulting in a successful transaction. Because the Exemption does not currently allow pre-marketing, issuers must announce an offering publicly without visibility on potential demand. This opens the issuer to a greater risk of a “failed” offering, and the subsequent negative consequences for an issuer’s stock price and reputation. For example, if an issuer launches a \$20 million offering but only receives \$15 million of demand, the market perceives it as a failed transaction. However, if the same issuer announces a \$10 million offering and receives the same \$15 million of demand, the market sees the transaction as a success. Allowing pre-marketing would significantly reduce this risk for issuers.

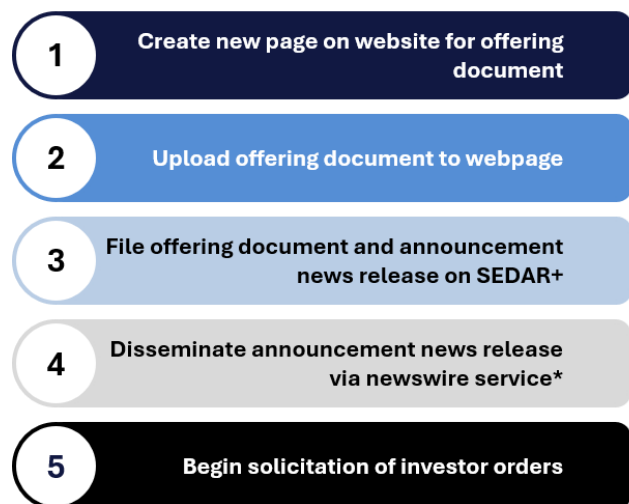
Recommendation: Permit confidential pre-marketing of offerings under the Exemption to a targeted group of investors prior to announcement.

Streamlining Launch Sequencing: News Release, SEDAR+ Filings, Website Posting

Under the Exemption, an issuer may not solicit offers to purchase until it has filed the announcement news release and the completed offering document on SEDAR+. We note that this sequencing differs from the approach taken under other offering frameworks, and believe there is an opportunity to better align the Exemption with those frameworks. For traditional private placements, issuers and underwriters can solicit orders upon

announcement, without any prior filings. For a prospectus offering off a base shelf, for example, an issuer may announce an offering and the underwriters may begin soliciting expressions of interest 2 business days before filing the prospectus supplement (4 days for a preliminary prospectus for bought deals).

Current Launch Sequence:



Beacon Recommendation:



** Note: Dissemination of news via a newswire service is not a specific requirement of the Exemption, but in practice it is a key step in launching an offering.*

News Release & SEDAR+ Filing

The requirement to complete SEDAR+ filings before solicitation creates a material execution risk for the issuers that rely most on the Exemption. For a typical junior issuer client of Beacon, the same individual (e.g. the CFO) is frequently responsible for signing off on the offering document, coordinating signatures for the engagement letter, filing the offering document and news release on SEDAR+, disseminating the news release over the newswire service, and coordinating the issuer's other obligations on launch day. It is not practical to expect that person to complete each of these steps in sequence quickly enough to permit a timely launch. The window between approximately 4:00p.m. and 5:00p.m. (Eastern time), following the close of markets, is critical to the success of an offering. Any delay in launch past Beacon's target of 4:00p.m.-4:10p.m. can materially reduce bookbuilding momentum, as investor availability declines quickly after 4:00p.m. A 1-hour delay (very common with LIFE offerings) can mean the difference between a \$20 million offering and a \$10 million offering.

We also note that filing a news release on SEDAR+ is not, in itself, an effective means of broadly informing the public of an offering. In Beacon's view, the most appropriate event to permit solicitation to begin is the dissemination of the announcement news release through a newswire service, which ensures that the offering is announced to the market as a whole

before orders are solicited.

Beacon recommends that the dissemination of an announcement news release through a newswire service should be the event that permits order solicitation to begin. We also recommend that the issuer be required to file the news release and offering document on SEDAR+ by the end of that same day (i.e., by 11:59p.m.).

Recommendation: Permit solicitation to begin upon dissemination of the announcement news release through a newswire service, provided that the news release and offering document are filed on SEDAR+ by the end of the day.

Website Posting

The requirement for the issuer to post the offering document on its website before soliciting is, in our experience, the number one bottleneck step on the LIFE offerings we launch. Most issuers do not already have a section on their website dedicated to offering documents and must therefore create a new page ahead of launch.

Many junior issuers do not have in-house personnel who manage their website and instead rely on an external contractor. As a result, the timing of the launch, and potentially the success of the entire financing, can depend on the availability of a third-party vendor outside of the issuer's control.

We do not believe website posting adds meaningful investor protection: the offering document is publicly available on SEDAR+ and the announcement news release directs investors to it. SEDAR+ has long been recognized as the primary source for public company disclosure in Canada, and it should be sufficient for issuers' use of the Exemption. Beacon recommends the CSA remove the requirement for issuers to post the offering document on the company website.

Recommendation: Remove the requirement to post the offering document on the issuer's website. If the requirement is retained, permit posting within a short period after launch so that it is not a condition precedent to solicitation.

Reference Price for Aggregate Market Value

Note: Our below comments and recommendation apply only if the codified Exemption retains the concept of a total dollar limit based on 20% of aggregate market value.

We note that per the Exemption, the aggregate market value is currently calculated using the average closing price over the 20 trading days before the announcement news release.

This reference price is not one that dealers customarily use and it disadvantages small- and mid-capitalization issuers – for which the Exemption is designed – due to the inherent volatility in those issuers' share price. It may also produce a market value that departs meaningfully from the issuer's current market value, if the issuer's share price has moved in the weeks preceding the offering. For consistency with existing market practice, we recommend that the CSA adopt a reference price that issuers and dealers already use. For issuers listed on the TSX Venture Exchange, this would be the closing price before the announcement news release. For issuers listed on the Toronto Stock Exchange or another senior exchange, the five-day volume-weighted average price, which is the reference price used by the Toronto Stock Exchange for determining permitted discounts, may be suitable.

Recommendation: Calculate aggregate market value using the closing price before announcement or, for issuers listed on a senior exchange, the five-day volume-weighted average price.

* * * * *

Thank you for the opportunity to comment on the Proposed Amendments. Please do not hesitate to contact Beacon Securities Limited (Attention: Kate Hayes, khayes@beaconsecurities.ca) if you have any questions with respect to this letter.

Sincerely,

BEACON SECURITIES LIMITED

