

Section 1

Identification questions submitted via e-form through the CSA website

October 16, 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

Instrument Number:

45-106

Publication Date:

07/23/2026

Email:

[REDACTED]

Place of residence:

Ontario, CA

Are you commenting on behalf of an organization?

Yes

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October 16, 2026

SUBMITTED VIA CSA PORTAL: <https://www.securitiesadministrators.ca/consultations/>.

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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: Proposed Amendments to National Instrument 45-106 Prospectus Exemptions
Relating to the Listed Issuer Financing Exemption**

Dear Sirs/Mesdames:

National Bank Capital Markets (NBCM) appreciates the opportunity to comment on the Canadian Securities Administrators' (CSA) proposed amendments to National Instrument 45-106 Prospectus Exemptions, Form 45-106F19 Listed Issuer Financing Document and Companion Policy 45-106CP Prospectus Exemptions (collectively, the Proposed Amendments).

NBCM supports the CSA's objective of making the listed issuer financing exemption (LIFE) a more effective capital-raising tool while maintaining appropriate investor protection. LIFE has considerable potential, particularly for small- and mid-cap issuers. In practice, however, certain operational restrictions can discourage dealer participation, delay execution and limit issuers' ability to use the exemption.

Executive Summary

NBCM recommends that the CSA:

- 1. Permit controlled pre-marketing.** Expressly allow dealers to pre-market a LIFE offering to wall-crossed investors using established confidentiality, recordkeeping and restricted-list controls.
- 2. Remove the dealer resale restriction.** Securities purchased and retained by a dealer at closing should be freely tradable. At a minimum, any four-month hold period should begin when the dealer acquires the securities.
- 3. Allow launch before filing.** Permit an issuer and its dealer to launch a LIFE offering before filing the offering document, provided the document is filed by the next business day and before a purchaser becomes irrevocably bound without access to the required disclosure.
- 4. Preserve a meaningful dilution safeguard.** Retain the 50% dilution limit while clarifying the calculation for multiple LIFE offerings so that growth in an issuer's market value does not unnecessarily limit financing capacity.

Pre-Marketing and Wall-Crossing

NBCM recommends that the CSA expressly permit dealers to pre-market a LIFE offering through controlled wall-crossing. Dealers routinely use wall-crossing in private placements to assess demand, support price discovery and develop an execution plan. LIFE offerings should have comparable flexibility, subject to appropriate controls for confidential information and trading restrictions.

The current restriction is particularly challenging for small-cap issuers. A prolonged public marketing period can expose an offering to price pressure and market volatility. Bought deals and overnight-marketed offerings can reduce that exposure, but they also require a dealer to assess likely investor demand before committing capital.

Controlled pre-marketing would reduce execution risk and make dealers more willing to underwrite LIFE offerings. Investor protection can be maintained through investor

consent, appropriate records, restricted-list controls and clear limits on pre-announcement communications.

Dealer Hold-Period Restriction

NBCM recommends removing the resale restriction that applies when a dealer retains securities after closing. Under the current structure, a dealer may face an extended restriction because the four-month period begins only when the dealer later sells the securities. This can require the dealer to carry the position for an uncertain period and may leave the subsequent purchaser subject to an additional hold period.

This treatment increases capital, liquidity and market risk and can cause dealers to decline otherwise viable transactions. It also creates operational complexity where a dealer sells a position in multiple tranches, including the potential need for multiple restricted CUSIPs and related legal and processing work.

Our preferred approach is to provide dealers that purchase securities at closing with freely tradable securities. If the CSA does not adopt that approach, any four-month hold period should begin on the date the dealer acquires the securities, with a later purchaser subject only to the unexpired portion of that period.

Launch Before Filing the LIFE Offering Document

NBCM recommends expressly permitting an issuer and its dealer to launch a LIFE offering before filing the offering document, subject to a short and clear filing deadline.

LIFE offerings are often structured as bought deals or overnight-marketed transactions. Speed and early book-building momentum are important. A transaction may be fully negotiated and signed but delayed while final changes to the offering document are processed, and even a short delay can impair execution in a volatile market.

The CSA should permit filing by the next business day after launch. The rules should also specify when purchase commitments may become binding and require prompt updates if a material change occurs or final pricing falls outside the disclosed range.

Financing Capacity and Dilution

NBCM supports the proposed increase in financing capacity, including the maximum of \$50 million, subject to the applicable market-value and dilution conditions. The higher limit would make LIFE useful to a broader range of listed issuers.

NBCM also supports retaining the 50% dilution limit. It is straightforward and provides a meaningful outer boundary for investor protection. For multiple offerings within a 12-month period, however, the CSA should clarify how financing capacity and dilution interact so that an issuer's increased market value can be recognized without permitting the cumulative 50% dilution safeguard to be circumvented.

Conclusion

LIFE can become a more effective and widely used financing tool if the framework better reflects the execution realities of small- and mid-cap capital raising. The recommendations above would reduce avoidable friction, improve dealer participation and issuer access, and preserve investor protection through controlled wall-crossing, timely disclosure and a meaningful dilution limit.

We appreciate the CSA's consideration of these comments and would welcome the opportunity to discuss them further.

Sincerely,



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Managing Director
Head of Equity Capital Markets



Jack Rando, CFA
Chief Advisor
Capital Markets Trade Surveillance