

Section 1

Identification questions submitted via e-form through the CSA website

October 21, 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:

ON, CA

Are you commenting on behalf of an organization?

Yes

Organization Name:

Securities and Investment Management Association

Address of the organization:

79 Wellington St. West, Suite 700
 P.O. Box 250
 Toronto (Ontario)
 M5K 1J3
 CA

Phone number of the organization:

4163092200

Section 2

Questions answered via e-form through the CSA website

General Comments

Summary:

We appreciate the opportunity to comment on the Proposed Amendments to National Instrument 45-106 – Prospectus Exemptions which allow for greater flexibility through increasing the amount of funds that issuers can raise under the exemption; modifies how the dilution limit for the exemption is calculated; clarifies the sufficiency of funds condition so that issuers must reasonably have available funds to meet short term liquidity requirements; allow successor issuers to use the exemption; and streamline conditions of the exemption and related disclosure requirements. We also have general comments and recommendations around pre-market restrictions, dealer hold period, timing of filing the LIFE offering document and increasing the financing limit.

General Comments

Pre-Marketing Restrictions

We suggest removing the current pre-marketing restrictions applicable to LIFE offerings and note that private placements permit dealers to pre-market or wall-cross investors, while LIFE transactions remain subject to restrictions. It is believed that there should be consistency between these transactions. We feel that permitting pre-marketing through appropriate wall-crossing procedures would improve dealers' ability to assess investor demand and facilitate transactions. It is also noted that smaller-cap issuers can be particularly vulnerable when transactions are marketed publicly over an extended period. LIFE offerings have therefore increasingly moved toward bought-deal or overnight-marketed structures.

Dealer Hold Period

We suggest removing the hold-period restriction applicable to a dealer if a LIFE offering is not fully sold by closing as this provision is an obstacle for issuers to use this structure. Removing this provision would enhance the attractiveness of using the LIFE structure. Under the current LIFE structure, a dealer may effectively face an indefinite hold because the four-month restricted period does not begin until the securities are subsequently sold to another investor, which creates a significant deterrent to dealers underwriting LIFE transactions and limits their willingness to assume risk.

We have a strong preference for dealers to receive freely tradable securities; however, at a minimum, since legal opinions surrounding the underwriters' exemption are varied, dealers require clarity around the timing of the start/end of any applicable hold period, for securities purchased by the dealer as a long position and/or sold to a final buyer after being taken into inventory.

Timing of Filing the LIFE Offering Document

It is suggested that an issuer/dealer be allowed to launch an offering before filing the LIFE offering document, with the document filed soon as practical after launch. Many deals are delayed at launch due to the timing of filing the offering document and launching a deal on a timely basis is a key determinant of success during a bookbuild process. It is noted that LIFE transactions are frequently conducted as bought deals or overnight marketed offerings, making speed of execution important. The current requirement can

Section 2

Questions answered via e-form through the CSA website

delay launch while the offering document is finalized and filed, potentially affecting transaction momentum and execution.

We note that investors in other financing structures commonly make investment decisions based initially on a term sheet, with more detailed documentation following. Currently, legal counsel may take differing approaches regarding whether a LIFE offering may launch before the offering document is filed, creating inconsistency in market practice.

Increasing the Financing Limit

We are generally supportive of increasing financing capacity suggesting a \$50 million annual limit subject to an overall dilution limit for all offerings using the exemption of 50% of an issuer's outstanding securities and noting that an issuer's market capitalization may increase significantly after an earlier LIFE financing, while its subsequent financing capacity remains constrained by calculations based on the earlier period.

An increased financing limit would provide a reasonable size for many smaller and mid-sized issuers to access the market – and instead of changing the hold period on a private placement, this can achieve that objective.

Removing or shortening the current 12 month “seasoning” requirement

We suggest removing or shortening the current 12 month “seasoning” requirement for public companies who completed a listing via a RTO/CPC to use the LIFE offering. This ‘seasoning’ period, which stems from a 12-month reporting history requirement, does not apply to IPO’s or non-CPC, reverse take overs.

The disclosure requirements, including historical information, are practically the same for all three listing types (IPO, RTO/CPC, RTO), and so an investor, irrespective of listing type has access to the same level of information to make an informed decision. As such, a change to the rule would even out the playing field for all new issuers.

1. Currently, the sufficiency of funds condition requires that an issuer reasonably expect to have available funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution. We have heard that many smaller issuers cannot use the exemption as they are unable to raise sufficient funds to meet this condition.

1a. Do you think the proposal to modify the sufficiency of funds condition, combined with enhanced disclosure in the offering document, addresses the concerns raised?

Yes, we think the proposal to modify the sufficiency of funds conditions addressed the concerns raised and would be in favour of providing issuers with more flexibility to change the requirement for 12 months to

Section 2

Questions answered via e-form through the CSA website

“short term”.

1b. Is there additional disclosure regarding an issuer’s financial condition that should be required under the exemption?

No additional disclosure requirements is needed under this exemption – that is sufficient from our perspective.

1c. Do you think a better alternative would be to shorten the current condition to a period of less than 12 months. Would a 6-month period be more appropriate?

As noted above, we believe it would be helpful to issuers to provide more flexibility to change the requirement from 12 months to 6 months. In addition, to safeguard concerns that this provides too much flexibility to issuers, we would recommend having a provision that the company believes they are a “going concern”.

1d. Since retail investors are able to purchase the same securities offered under the exemption on an exchange without the additional disclosure provided under the exemption, should we consider removing the sufficiency of funds condition altogether, or does the fact that retail investors may be solicited under the exemption justify retaining this condition?

Essentially all LIFE offerings solicit demand from both institutional and retail investors. As a result, we agree that the CSA should retain the sufficiency of funds condition.

2. Currently, the securities eligible to be distributed under the exemption are limited to a listed equity security or a unit consisting of a listed equity security and a warrant convertible into a listed equity security. We had intended that the exemption be limited to listed securities that investors are familiar with, have an established trading history and are commonly understood, while also reflecting the common types of securities used by smaller issuers. We had

Section 2

Questions answered via e-form through the CSA website

previously received feedback that the complexity of convertible debt instruments, together with the more comprehensive risk disclosure required, may be inappropriate for the intended simplicity of the offering document. However, we have also received feedback from some dealers that permitting convertible debentures under the exemption may assist reporting issuers in raising capital and may appeal to certain investors.

2a. Should we expand the exemption to permit the distribution of convertible debentures that are convertible into listed equity securities?

Same answer as below. We do not see the value in adding convertible debentures to LIFE Offerings. A convert offering would not be listed on the exchange, as such you would lose some of the benefits of liquidity that LIFE offers investors and these deals are too small for a convertible offering to be meaningful for an issuer to go through all the steps of the LIFE structure. Most convertible offerings are over \$50MM in size.

2b. Are retail investors sufficiently familiar with convertible debentures or are they too complicated to be considered under the exemption?

Some retail investors, though not all, do have a sufficient familiarity with convertible debentures. However, we do not think we should include convertible debentures for LIFE Offerings.

2c1. If we were to expand the exemption to allow for convertible debentures, should we impose additional conditions such as those required by the exchanges including those related to the issuance price, the interest rate, and the terms of conversion of the convertible debentures? If so, what conditions would be appropriate?

No comment.

2c2. If we were to expand the exemption to allow for convertible debentures, should securities issuable on conversion of convertible debentures be excluded

Section 2

Questions answered via e-form through the CSA website

from the 50% dilution calculation if the debentures are not convertible within 60 days after the closing?

No comment.

3. Under the exemption, issuers are subject to an overall dilution limit for all offerings using the exemption in a 12-month period of 50% of an issuer's outstanding securities as of the date that is 12 months before the offering. Under the Blanket Order and the Proposed Amendments, issuers are subject to an overall dilution limit of 50% that is calculated as of the date of the news release announcing the offering if the issuer has not closed a prior offering under the exemption in the previous 12 months, or the date of the news release announcing the first offering under the exemption in the previous 12 months. Issuers may exclude securities issuable on exercise of warrants from the calculation if they are not convertible for a period of 60 days after closing. Issuers that have reached the dilution limit under the exemption in a 12-month period may continue to distribute securities under other prospectus exemptions or a prospectus. However, we have received mixed feedback from market participants about the current 50% dilution limit. Some market participants think it imposes too significant a limit on the amount that can be raised by smaller issuers while others raise concerns about the potential dilutive impact if we were to increase the 50% limit.

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

We think the dilution limit is appropriate for this structure. It would help keep deal sizes appropriate under this structure and provide a check & balance for smaller issuers looking to raise large amounts of capital.

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

No comment.

Section 2

Questions answered via e-form through the CSA website

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.

4. Should issuers be required to include the expected range of the offering price in the news release announcing the offering?

We think it's reasonable to require issuers to include the expected offer price range in the news release - this will help launch deals on a timely basis, which is a key determinant of success during a bookbuild process - deleting this obstacle would further enhance the salability of the structure. Also, as noted in general comments above, it is recommended that the CSA change the timing of filing of the Offering Document from concurrently with launch soon as practical - to speed up the launch of these transactions. While investors will review Offering Documents, similar to public offerings, investors are used to making an investment decision off a news release and term sheet, with the Prospectus to following in the coming days.

Section 3

Uploaded documents via e-form through the CSA website

The uploaded document continues on the next page

ANDY MITCHELL
President and CEO *Président et chef de la direction*
amitchell@sima-amvi.ca 416 309 2300

October 21, 2026

Delivered By Email to: <https://www.securities-administrators.ca/consultations/>.

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

Dear Sirs and Mesdames:

RE: Letter from SIMA to CSA commenting on CSA Proposed Amendments to National Instrument 45-106 – Prospectus Exemptions

The Securities and Investment Management Association (“**SIMA**”) appreciates the opportunity to comment on the Canadian Securities Administrators (“**CSA**”) **Proposed Amendments to National Instrument 45-106 – Prospectus Exemptions (“Proposed Amendments”)**.

SIMA empowers Canada's investment industry and is now the leading voice for the securities and investment management industry. The industry oversees approximately \$4.5 trillion in assets for over twenty million investors and participates in the Canadian capital markets. Our members – including investment fund managers, investment and mutual fund dealers, capital markets participants, and professional service providers – are committed to creating a resilient, innovative investment sector that fuels long-term economic growth and creates opportunities for all Canadians.

SIMA operates within a governance framework in which we gather input from our member working groups. The analyses and recommendations of these working groups are submitted to the SIMA board or board-level committees for direction and approval. This process ensures submissions that reflect the input and direction of a broad range of SIMA members.

Summary:

We appreciate the opportunity to comment on the Proposed Amendments to National Instrument 45-106 – Prospectus Exemptions which allow for greater flexibility through increasing the amount of funds that issuers can raise under the exemption; modifies how the dilution limit for the exemption is calculated; clarifies the sufficiency of funds condition so that issuers must reasonably have available funds to meet short term liquidity requirements; allow successor issuers to use the exemption; and streamline conditions of the exemption and related disclosure requirements. We also have general comments and recommendations around pre-market restrictions, dealer hold period, timing of filing the LIFE offering document and increasing the financing limit.

General Comments

Pre-Marketing Restrictions

We suggest removing the current pre-marketing restrictions applicable to LIFE offerings and note that private placements permit dealers to pre-market or wall-cross investors, while LIFE transactions remain subject to restrictions. It is believed that there should be consistency between these transactions. We feel that permitting pre-marketing through appropriate wall-crossing procedures would improve dealers' ability to assess investor demand and facilitate transactions. It is also noted that smaller-cap issuers can be particularly vulnerable when transactions are marketed publicly over an extended period. LIFE offerings have therefore increasingly moved toward bought-deal or overnight-marketed structures.

Dealer Hold Period

We suggest removing the hold-period restriction applicable to a dealer if a LIFE offering is not fully sold by closing as this provision is an obstacle for issuers to use this structure. Removing this provision would enhance the attractiveness of using the LIFE structure. Under the current LIFE structure, a dealer may effectively face an indefinite hold because the four-month restricted period does not begin until the securities are subsequently sold to another investor, which creates a significant deterrent to dealers underwriting LIFE transactions and limits their willingness to assume risk.

We have a strong preference for dealers to receive freely tradable securities; however, at a minimum, since legal opinions surrounding the underwriters' exemption are varied, dealers require clarity around the timing of the start/end of any applicable hold period, for securities purchased by the dealer as a long position and/or sold to a final buyer after being taken into inventory.

Timing of Filing the LIFE Offering Document

It is suggested that an issuer/dealer be allowed to launch an offering before filing the LIFE offering document, with the document filed soon as practical after launch. Many deals are delayed at launch due to the timing of filing the offering document and launching a deal on a timely basis is a key determinant of success during a bookbuild process. It is noted that LIFE transactions are frequently conducted as bought deals or overnight marketed offerings, making speed of execution important. The current requirement can delay launch while the offering document is finalized and filed, potentially affecting transaction momentum and execution.

We note that investors in other financing structures commonly make investment decisions based initially on a term sheet, with more detailed documentation following. Currently, legal counsel may take differing approaches regarding whether a LIFE offering may launch before the offering document is filed, creating inconsistency in market practice.

Increasing the Financing Limit

We are generally supportive of increasing financing capacity suggesting a \$50 million annual limit subject to an overall dilution limit for all offerings using the exemption of 50% of an issuer's outstanding securities and noting that an issuer's market capitalization may increase significantly after an earlier LIFE financing, while its subsequent financing capacity remains constrained by calculations based on the earlier period.

An increased financing limit would provide a reasonable size for many smaller and mid-sized issuers to access the market – and instead of changing the hold period on a private placement, this can achieve that objective.

Removing or shortening the current 12 month “seasoning” requirement

We suggest removing or shortening the current 12 month “seasoning” requirement for public companies who completed a listing via a RTO/CPC to use the LIFE offering. This ‘seasoning’ period, which stems from a 12-month reporting history requirement, does not apply to IPO’s or non-CPC, reverse take overs.

The disclosure requirements, including historical information, are practically the same for all three listing types (IPO, RTO/CPC, RTO), and so an investor, irrespective of listing type has access to the same level of information to make an informed decision. As such, a change to the rule would even out the playing field for all new issuers.

Please see our responses below to the consultation questions of interest to us from a Capital Markets perspective.

Responses to Questions

Question 1

1. Currently, the sufficiency of funds condition requires that an issuer reasonably expect to have available funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution. We have heard that many smaller issuers cannot use the exemption as they are unable to raise sufficient funds to meet this condition.

a. Do you think the proposal to modify the sufficiency of funds condition, combined with enhanced disclosure in the offering document, addresses the concerns raised?

Yes, we think the proposal to modify the sufficiency of funds conditions addressed the concerns raised and would be in favour of providing issuers with more flexibility to change the requirement for 12 months to “short term”.

b. Is there additional disclosure regarding an issuer’s financial condition that should be required under the exemption?

No additional disclosure requirements is needed under this exemption – that is sufficient from our perspective.

c. Do you think a better alternative would be to shorten the current condition to a period of less than 12 months. Would a 6-month period be more appropriate?

As noted above, we believe it would be helpful to issuers to provide more flexibility to change the requirement from 12 months to 6 months. In addition, to safeguard concerns that this provides too much flexibility to issuers, we would recommend having a provision that the company believes they are a “going concern”.

d. Since retail investors are able to purchase the same securities offered under the exemption on an exchange without the additional disclosure provided under the exemption, should we consider removing the sufficiency of funds condition altogether, or does the fact that retail investors may be solicited under the exemption justify retaining this condition?

Essentially all LIFE offerings solicit demand from both institutional and retail investors. As a result, we agree that the CSA should retain the sufficiency of funds condition.

Question 2

2. Currently, the securities eligible to be distributed under the exemption are limited to a listed equity security or a unit consisting of a listed equity security and a warrant convertible into a listed equity security. We had intended that the exemption be limited to listed securities that investors are familiar with, have an established trading history and are commonly understood, while also reflecting the common types of securities used by smaller issuers. We had previously received feedback that the complexity of convertible debt instruments, together with the more comprehensive risk disclosure required, may be inappropriate for the intended simplicity of the offering document. However, we have also received feedback from some dealers that permitting convertible debentures under the exemption may assist reporting issuers in raising capital and may appeal to certain investors.

a. Should we expand the exemption to permit the distribution of convertible debentures that are convertible into listed equity securities?

Same answer as below. We do not see the value in adding convertible debentures to LIFE Offerings

A convert offering would not be listed on the exchange, as such you would lose some of the benefits of liquidity that LIFE offers investors and these deals are too small for a convertible offering to be meaningful for an issuer to go through all the steps of the LIFE structure. Most convertible offerings are over \$50MM in size

b. Are retail investors sufficiently familiar with convertible debentures or are they too complicated to be considered under the exemption?

Some retail investors, though not all, do have a sufficient familiarity with convertible debentures. However, we do not think we should include convertible debentures for LIFE Offerings

c. If we were to expand the exemption to allow for convertible debentures,

i. should we impose additional conditions such as those required by the exchanges including those related to the issuance price, the interest rate, and the terms of conversion of the convertible debentures? If so, what conditions would be appropriate?

No Comment

ii. should securities issuable on conversion of convertible debentures be excluded from the 50% dilution calculation if the debentures are not convertible within 60 days after the closing?

No Comment

Question 3

3. Under the exemption, issuers are subject to an overall dilution limit for all offerings using the exemption in a 12-month period of 50% of an issuer's outstanding securities as of the date that is 12 months before the offering. Under the Blanket Order and the Proposed Amendments, issuers are subject to an overall dilution limit of 50% that is calculated as of the date of the news release announcing the offering if the issuer has not closed a prior offering under the exemption in the previous 12 months, or the date of the news release announcing the first offering under the exemption in the previous 12 months. Issuers may exclude securities issuable on exercise of warrants from the calculation if they are not convertible for a period of 60 days after closing.

Issuers that have reached the dilution limit under the exemption in a 12-month period may continue to distribute securities under other prospectus exemptions or a prospectus. However, we have received mixed feedback from market participants about the current 50% dilution limit. Some market participants think it imposes too significant a limit on the amount that can be raised by smaller issuers while others raise concerns about the potential dilutive impact if we were to increase the 50% limit.

a. Is the dilution limit in the Proposed Amendments appropriate?

We think the dilution limit is appropriate for this structure. It would help keep deal sizes appropriate under this structure and provide a check & balance for smaller issuers looking to raise large amounts of capital

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

No Comment

Question 4

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 think it's reasonable to require issuers to include the expected offer price range in the news release - this will help launch deals on a timely basis, which is a key determinant of success during a bookbuild process - deleting this obstacle would further enhance the salability of the structure. Also, as noted in general comments above, it is recommended that the CSA change the timing of filing of the Offering Document from concurrently with launch soon as practical – to

The Canadian Securities Administrators

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

October 21, 2026

speed up the launch of these transactions. While investors will review Offering Documents, similar to public offerings, investors are used to making an investment decision off a news release and term sheet, with the Prospectus to following in the coming days.

Conclusion

SIMA is pleased to have the opportunity to comment on the Proposed Amendments. Overall, we support the CSA's efforts allow for greater flexibility and have made some specific recommendations in our general comments.

Please feel free to contact me by email at amitchell@sima-amvi.ca. I would be pleased to provide further information or answer questions you may have, and welcome further engagement with the CSA as it considers the Proposed Amendments and the development of any related guidance.

* * * * *

Yours sincerely,

THE SECURITIES AND INVESTMENT MANAGEMENT ASSOCIATION

[Redacted Signature]

By: Andy Mitchell
President and CEO

cc: Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour PwC
2640, boulevard Laurier, bureau 400 Québec (Québec) G1V 5C1
Email: consultation-en-cours@lautorite.qc.ca