Canadian Securities Administrators
Autorités canadiennes en valeurs mobilières

CSA Notice of consultation
Draft *Regulation to amend Regulation 45-106 respecting Prospectus Exemptions* relating to the Listed Issuer Financing Exemption

July 23, 2026

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing for a 90-day comment period draft amendments to *Regulation 45-106 respecting Prospectus Exemptions* (the **Regulation**), including Form 45-106F19 *Listed Issuer Financing Document* (the **Draft Amendments**), and draft changes to *Policy Statement to Regulation 45-106 respecting Prospectus Exemptions* (the **Draft Changes**).

The comment period will end on October 21, 2026.

The text of the Draft Amendments and the Draft Changes is published with this Notice and will also be available on websites of the following CSA jurisdictions:

www.bcsc.bc.ca
www.asc.ca
www.fcaa.gov.sk.ca
www.mbsecurities.ca
www.osc.ca
www.lautorite.qc.ca
www.fcnb.ca
nssc.novascotia.ca

Substance and Purpose

The Draft Amendments and the Draft Changes are mainly intended to increase the amount that can be raised under the listed issuer financing exemption (the **exemption**) in Part 5A of the Regulation and to streamline certain other conditions and disclosure requirements of the exemption.

The following are the key changes that would result from the Draft Amendments, if adopted:

- increasing the amount of funds that issuers can raise under the exemption;
- changing how the dilution limit for the exemption is calculated;
- changing the sufficiency of funds condition so that issuers must reasonably expect to have available funds to meet their short-term liquidity requirements;
- allowing “successor issuers” to use the exemption; and

- streamlining other conditions of the exemption and related disclosure requirements.

These changes are intended to facilitate capital raising by listed reporting issuers while balancing investor protections with regulatory burden.

Background

The exemption was introduced in November 2022 to offer a more efficient capital-raising option for reporting issuers that, among other things, have securities listed on recognized exchanges and have filed all timely and periodic disclosure documents required under securities legislation. In May 2025, we issued Coordinated Blanket Order 45-935 *Exemptions from Certain Conditions of the Listed Issuer Financing Exemption* (the **Blanket Order**) to provide substantially harmonized relief from certain conditions of the exemption. The Blanket Order increased the capital raising limits under the exemption and revised how the 50% dilution limit is calculated.

The Blanket Order has materially increased use of the exemption. Data from reports of exempt distribution filings shows the following:

- November 22, 2022 to May 15, 2025 (pre-Blanket Order):
  - 280 issuers raised $1.1 billion
  - The average amount raised by each issuer was $3.9 million
- May 15, 2025 to May 15, 2026 (post-Blanket Order):
  - 349 issuers raised $3.7 billion
  - The average amount raised by each issuer was $10.6 million
  - 40 issuers raised over $25 million

The Draft Amendments are informed mainly by feedback received from market participants on compliance burden. The Draft Changes provide guidance on how we will interpret and apply the Draft Amendments.

Summary of the Draft Amendments and Draft Changes

The following is a summary of the **Draft Amendments and** Draft Changes:

Codify Blanket Order
Considering the market feedback on the Blanket Order, supported by the data above, the Draft Amendments codify the following key components of the Blanket Order:

- increasing the amount that can be raised under the exemption to the greater of $25 million and 20% of an issuer’s aggregate market value to a maximum of $50 million in a 12-month period;
- for the purposes of the 50% dilution limit, revising the date for calculating the outstanding securities to (i) 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 (ii) the date of the news release announcing the first offering under the exemption in the previous 12 months; and
- excluding securities issuable on exercise of warrants from the dilution calculation if they are not convertible within a period of 60 days after closing.

The Draft Amendments also codify the conditions in the Blanket Order that a distribution relying on the exemption cannot result in:

- a new control person; or
- a person acquiring beneficial ownership of, or exercising control or direction over, such number of the issuer's listed equity securities carrying votes that, if voted or exercised, would entitle the person to elect a majority of the directors of the issuer.

Successor issuer
The Draft Amendments allow an issuer that meets the definition of "successor issuer" in *Regulation 44-101 respecting Short Form Prospectus Distributions* to use the exemption if the issuer acquired substantially all of its business from a person that was a reporting issuer in a jurisdiction of Canada for the 12 months immediately preceding the acquisition.

The Draft Amendments would extend the exemption to a broader group of issuers.

Sufficiency of funds
Under the exemption, an issuer must reasonably expect, at the time of closing of the distribution, that it will have available funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution. We have received feedback from some market participants that this condition may be unnecessarily difficult for some smaller issuers to meet.

The Draft Amendments revise the sufficiency of funds condition so that an issuer must only reasonably expect to have available funds to meet its short-term liquidity requirements. The Draft Changes include guidance that, for an issuer that has not generated revenue arising in the course of ordinary activities, this generally means that the issuer would need to have available funds to achieve its next significant milestone. For an issuer that has generated revenue arising in the course of ordinary activities, this would generally mean that the issuer needs to have available funds to continue operations for the short term following the distribution, which we generally consider to be 12 months.

We have also proposed enhanced disclosure in the offering document about an issuer's financial condition if its most recently filed financial statements would include disclosure of material uncertainties about going concern, or if there has been any decline regarding the issuer's financial condition since the issuer's most recently filed financial statements, which could result in such disclosure being included in its next financial statements.

Certificate date
We have noted that many issuers mistakenly insert the incorrect lookback date in the certificate to the offering document. The Draft Amendments simplify the certificate requirement so that there is no option to insert a date. They also increase the lookback period to 18 months to account for situations such as changes in year-end.

Bulleted offering price (for marketed offerings)
The Draft Amendments explicitly permit issuers to omit the offering price if certain conditions are met, including filing an amended offering document with the omitted information on the earlier of the date the purchaser entered into an agreement to purchase

the security and the 2nd business day after the date the offering price is determined. This would provide additional certainty to issuers, registrants and investors.

Requirement to close offering within a specified period
The Draft Amendments extend the time to close an offering under the exemption from 45 days to 60 days. We understand many issuers have been unable to close offerings within 45 days, resulting in having to issue a news release and file a new offering document to continue the offerings. We consider 60 days to be an appropriate time period as it would provide issuers with more time to complete the offerings without the disclosure in the offering document becoming stale. If a material change occurs during the 60 days, the issuer would continue to be subject to the requirement to file a news release and amend the offering document.

Streamlining amendments
The Draft Amendments include other non-substantive amendments to streamline the exemption.

Local Matters

An annex is being published in any local jurisdiction that is making related changes to local securities legislation, local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

Request for Comments

We welcome your comments on the Draft Amendments and the Draft Changes. In addition to any general comments you may have regarding the exemption, we also invite comments on the following specific questions:

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?

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

    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?

    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?

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?

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

    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?

        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?

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?

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

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?

Please submit your comments on or before **October 21, 2026**.

Submit your comments here: https://www.securities-administrators.ca/consultations/. By using the link, your comments will be submitted to the following CSA members.

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

If Québec is a participating jurisdiction, and you are submitting your comments through the link above, you are also submitting your comments to:

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Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
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2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514 864-8381
E-mail: consultation-en-cours@lautorite.qc.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. Comments received will be posted on the websites of each of the Alberta Securities Commission at www.asc.ca, the Autorité des marchés financiers at www.lautorite.qc.ca and the Ontario Securities Commission at www.osc.ca. You should not include personal information directly in comments as the comments will be published and publicly available. It is important that you state on whose behalf you are making the submission.

Questions

Please refer your questions to any of the following:

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