# Canadian Securities Administrators propose new amendments to the listed issuer financing exemption (LIFE)

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The CSA have published for comment certain proposed amendments (the Proposed Amendments) to National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) that would, among other things, codify increased financing limits, revise the dilution calculations, expand issuer eligibility and streamline certain conditions and disclosure requirements under the listed issuer financing exemption in Part 5A of NI 45-106 (the LIFE Exemption).

Many of the Proposed Amendments, including the increased financing limits and revised methodology for calculating dilution, are already currently found in a temporary blanket order related to the LIFE Exemption that would expire on the date the Proposed Amendments come into force.

## What you need to know

- The Proposed Amendments would codify key elements of Coordinated Blanket Order 45-935 *Exemptions from Certain Conditions of the Listed Issuer Financing Exemption* (the Blanket Order), including the higher financing limits, the revised 50 per cent dilution calculation and certain related investor protection conditions.
- Consistent with the Blanket Order, issuers would be able to raise the greater of $25 million and 20 per cent of aggregate market value, to a maximum of $50 million, in any 12-month period.
- The CSA proposes to replace the current 12-month sufficiency of funds requirement with a requirement that the issuer reasonably expect to have available funds to meet its short-term liquidity requirements.
- The Proposed Amendments would also allow (i) certain successor issuers (including resulting issuers from RTOs) to use the LIFE Exemption, (ii) simplify the certificate requirement, (iii) permit the offering price to be omitted in certain marketed offerings and (iv) extend the time to close an offering from 45 days to 60 days.
- The CSA is accepting comments on the Proposed Amendments until Oct. 21, 2026.

## Background: How the LIFE exemption came to be

The LIFE Exemption was introduced in November 2022 to provide listed reporting issuers with a more efficient capital-raising option where they have securities listed on a recognized exchange and have filed all required timely and periodic disclosure documents.

In May 2025, the CSA adopted Coordinated Blanket Order 45-935 (the Blanket Order) to provide substantially harmonized relief from certain conditions of the exemption, including increased financing limits and a revised approach to the 50 per cent dilution limit.

The Blanket Order materially increased use of the LIFE Exemption. Before the Blanket Order, from Nov. 22, 2022, to May 15, 2025, 280 issuers raised $1.1 billion, with an average raise of $3.9 million. After the Blanket Order, from May 15, 2025, to May 15, 2026, 349 issuers raised $3.7 billion, with an average raise of $10.6 million and 40 issuers raising over $25 million.

## Key proposed amendments

The Proposed Amendments would codify the following key features of the Blanket Order into NI 45-106:

- **Higher financing limits.** Issuers could raise the greater of $25 million and 20 per cent of aggregate market value, to a maximum of $50 million, in any 12-month period.
- **Revised dilution calculation.** The 50 per cent dilution limit would be calculated using the date of the news release announcing the offering, if the issuer has not closed a prior LIFE offering in the previous 12 months, or the date of the news release announcing the first LIFE offering in that 12-month period.
- **Treatment of warrants.** Securities issuable on exercise of warrants would be excluded from the dilution calculation if the warrants are not convertible within 60 days after closing.
- **Change of control protections.** A distribution under the LIFE Exemption could not result in a new control person or a person acquiring voting control sufficient to elect a majority of the issuer's directors.

## Other proposed changes

The CSA is also proposing several amendments intended to make the LIFE Exemption more flexible and easier to use:

- **Sufficiency of funds.** The current requirement to have funds to meet business objectives and liquidity requirements for 12 months would be replaced with a short-term liquidity requirement. For issuers without revenue from ordinary activities, the CSA guidance indicates that this generally means having funds to reach the next significant milestone. For revenue-generating issuers, this generally means having funds to continue short-term operations, which the CSA generally considers to be 12 months.

- **Marketed offerings.** Issuers would be permitted to omit the offering price from the offering document if prescribed conditions are met, including filing an amended offering document with the omitted information by the earlier of the purchaser's agreement to purchase and the second business day after the offering price is determined. However, as currently proposed, the amendments contemplate that an issuer would be required to disclose the expected price range in the news release announcing the offering, which may greatly negate the usefulness and intended flexibility that this amendment is seeking to achieve for marketed offerings.
- **Successor issuers.** Certain successor issuers, as defined in National Instrument 44-101 *Short Form Prospectus Distributions*, including resulting issuers from reverse take-over transactions (RTOs), would be permitted to rely on the LIFE Exemption where they acquired substantially all of their business from an entity that was a reporting issuer in Canada for the 12 months immediately before the acquisition.
- **Financial condition disclosure.** Additional disclosure would be required if the issuer's most recently filed financial statements include disclosure of material uncertainties about going concern, or if there has been a decline in the issuer's financial condition since those statements that could result in such disclosure in the next financial statements.
- **Certificate requirement.** The certificate requirement would be simplified by removing the option to insert a lookback date and increasing the lookback period to 18 months.
- **Time to close.** The time to close an offering under the LIFE Exemption would be extended from 45 days to 60 days.

## Next steps

The CSA has requested comments on the Proposed Amendments by Oct. 21, 2026. If adopted, the Proposed Amendments would embed the expanded financing framework of the Blanket Order while introducing additional flexibility for reporting issuers seeking to access the public markets.

We note that the CSA is seeking specific feedback on (i) the proposed changes to the sufficiency of funds and whether it should be removed altogether; (ii) whether convertible debentures that are convertible into listed equity securities should be permitted as a security eligible for distribution under the LIFE Exemption; and (iii) whether the dilution limit under the Proposed Amendments is appropriate.

Given that the average amount raised by issuers since the Blanket Order was adopted has only been $10.6 million, it would appear that further amendments to the market cap or dilution calculation limits may be necessary in order for issuers to be able to avail themselves of the much higher financing limits permitted under the exemption.

Overall, the Proposed Amendments represent a further step toward improving the efficiency of Canadian capital markets while ensuring its integrity is maintained but uncertainty remains around what shape the final amendments, if adopted, will take.

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