

CSA breathes life into the Listed Issuer Financing Exemption (LIFE)

May 15, 2025

On May 14, 2025, the Canadian Securities Administrators (CSA) released Coordinated Blanket Order 45-935 - Exemptions from Certain Conditions of the Listed Issuer Financing Exemption (the Blanket Order) to provide harmonized relief from certain conditions of the listed issuer financing exemption (the LIFE Exemption) under Part 5A of National Instrument 45-106 - Prospectus Exemptions (NI 45-106). Among other things, the Blanket Order significantly expands the amount of capital that issuers can now raise pursuant to the LIFE Exemption.

What you need to know

- The Blanket Order does not create a separate prospectus exemption; rather, it provides relief that issuers can opt into from certain conditions currently prescribed in the LIFE Exemption.
- Subject to certain terms and conditions, listed issuers relying on the Blanket Order can now raise the greater of (i) \$25 million, and (ii) 20 per cent of the aggregate market value of their listed securities, to a maximum of \$50 million, in any 12-month period without a prospectus, increasing access to capital while reducing the administrative burden and cost in doing so.
- Issuers can continue to use the LIFE Exemption alone or can use the LIFE Exemption together with the Blanket Order to avail themselves of the increased capital raising limits; however, if relying on the Blanket Order, issuers will face restrictions on who they can distribute securities to, as discussed further below.
- The Blanket Order follows additional relief issued by the CSA last month, [marking an increase in the competitiveness of Canadian capital markets](#).
- The Blanket Order has the potential to prompt renewed interest in the LIFE Exemption and to be a valuable capital raising tool for both small and medium sized issuers.

Background

The LIFE Exemption was introduced by the CSA in 2022 pursuant to amendments to NI 45-106 and has served as an innovative and cost effective prospectus exemption for listed issuers permitting them to issue freely tradeable securities to any type of investor,

including the public, without a prospectus by relying on the issuer's continuous disclosure record and the submission of a short offering document which does not require review or a receipt from a securities regulatory authority.

The Blanket Order comes after the CSA announced additional relief last month aimed at (i) reducing the financial and administrative burden associated with going public in Canada, (ii) enhancing capital raising flexibility for issuers that have recently completed an initial public offering, and (iii) facilitating exempt market capital raising.

The Blanket Order

The Blanket Order provides relief from certain conditions of the LIFE Exemption by setting out alternative requirements that must instead be met.

Increased Limits on Capital Raising

The LIFE Exemption currently only permits issuers to raise the greater of \$5 million and 10% of the issuer's aggregate market value, to a maximum of \$10 million, in a 12-month period.

Under the Blanket Order, listed issuers can now raise the greater of:

- \$25 million; and
- 20 per cent of the aggregate market value of their listed securities, to a maximum of \$50 million in a 12-month period,

subject to certain conditions, including the requirement that the distribution will not result in an increase of more than 50 per cent of the issuer's outstanding listed equity securities during the 12-month period.

New Methodology for Dilution Calculations

The dilution calculations under the Blanket Order have also been softened. Whereas the LIFE Exemption requires the conversion of all warrants to be taken into consideration when determining the 50 per cent dilution requirement, under the Blanket Order, only warrants convertible into equity securities of the listed issuer within 60 days of closing the distribution need to be factored into the dilution calculations, although this may prove to be a distinction without a difference in many cases given current market practice.

The timing requirements for the dilution limit calculations have also changed under the Blanket Order as follows:

1. if the issuer has not closed a prior offering under the LIFE Exemption within the prior 12-month period, then the securities issuable pursuant to the distribution **must not result in an increase of more than 50% of the issuer's outstanding listed equity securities** as of the date of the news release announcing the offering; or
2. if the issuer has closed one or more prior offerings under the LIFE Exemption within the prior 12-month period, then the securities issuable pursuant to the distribution, combined all other prior offerings under the LIFE Exemption during such 12-month period, must not result in an increase of more than 50% of the

issuer's outstanding listed equity securities as of the date of the new release announcing the first prior offering made pursuant to the LIFE Exemption within this period.

New Restrictions on Investors

Importantly, in order to rely on the Blanket Order, a distribution must not result in a new control person of the listed issuer or any person or company acquiring beneficial ownership of a listed issuer's securities that would result in that person or company being entitled to elect a majority of the directors.

Next steps

The Blanket Order comes into effect on May 15, 2025 and, in some jurisdictions, will expire on a date based on the term limits for blanket orders in those jurisdictions unless extended. In Ontario, the Blanket Order expires on November 15, 2026.

We [previously wrote](#) that the LIFE Exemption had the potential to be an efficient tool for small cap issuers by reducing the financial burden of raising capital - bridging the gap to access retail investors and issue freely trading securities without having to file a prospectus. Over \$1 billion has been raised since the LIFE Exemption came into force in 2022; however, the true potential of the exemption has faced challenges on account of the low limits on capital that could be raised in any 12-month period in reliance on the 2022 amendments. We expect the Blanket Order will prompt renewed interest in the LIFE Exemption and has the potential to spur on a new wave of capital raising efforts notwithstanding the current headwinds and volatility being experienced in the Canadian capital markets.

By

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