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Canadian Securities Regulators Boost Capital-Raising Capacity Under LIFE Exemption

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Traduction en cours.

What's Different Now?

The Canadian securities regulators have implemented blanket orders increasing the capital-raising limit under the listed issuer financing exemption (the LIFE Exemption), which permits qualified issuers to offer equity securities without a prospectus.

A listed issuer may now use the LIFE Exemption to raise (without a prospectus), in any rolling 12-month period, the greater of (i) C\$25 million (previously C\$5 million) and (ii) 20% (previously 10%) of the aggregate market value of the issuer's listed securities, provided that the total amount raised does not exceed C\$50 million (previously C\$10 million) within the 12-month period.

The availability of the new limit is subject to, among other conditions, a requirement that the distribution (i) when combined with any other distribution pursuant to the LIFE Exemption in the prior 12-month period, does not result in an increase of more than 50% in the number of the issuer's outstanding listed equity securities as of the announcement date of the first of those distributions and (ii) does not result in a new control person for the listed issuer.

Aside from the above changes, the blanket orders leave the substantive terms and conditions of the LIFE Exemption materially unchanged.

The Canadian securities regulators implemented the increased LIFE Exemptions through coordinated blanket orders that came into effect on May 15, 2025. In certain jurisdictions, the blanket order is subject to a predetermined expiry date (for example, in Ontario, the order expires on November 15, 2026 unless extended by the Ontario Securities Commission).

What Is the LIFE Exemption?

Originally introduced in November 2022 as Part 5A of National Instrument 45-106 – *Prospectus Exemptions* (in Québec, *Regulation 45-106 respecting Prospectus Exemptions*), the LIFE Exemption permitted listed issuers to distribute their listed equity securities (either alone or together with warrants convertible into those securities) without a prospectus. Prior to the new blanket orders, the maximum amount that a listed issuer could raise using the LIFE Exemption within a 12-month period was the greater of (i) C\$5 million (now C\$25 million) and (ii) 10% (now 20%) of the aggregate market value of its listed securities, as determined on the date the issuer announced the offering by news release, subject to a maximum of C\$10 million (now C\$50 million).

To be eligible to use the LIFE Exemption, the issuer

- must be a reporting issuer in at least one Canadian jurisdiction for the 12 months immediately before the date that the issuer files the prescribed news release announcing the offering (discussed below);
- must have listed equity securities;

- together with any person or company with whom it completed a restructuring transaction during the previous 12-month period, must not be, nor have been during that period, either (i) an issuer whose operations have ceased or (ii) an issuer whose principal asset is cash, cash equivalents or its exchange listing;
- must not be an investment fund;
- must have filed all required periodic and timely disclosure documents; and
- must reasonably expect that it will have available funds to meet its business objectives and liquidity requirements for the following 12 months.

The issuer cannot allocate the available funds received from a LIFE Exemption distribution to an acquisition that is a significant acquisition under National Instrument 51-102 – *Continuous Disclosure Obligations* (in Québec, *Regulation 51-102 respecting Continuous Disclosure Obligations*), a restructuring transaction or any other transaction for which securityholder approval is required.

Before soliciting offers to purchase securities under the LIFE Exemption, the issuer must

- issue and file a news release announcing the offering and stating that a related offering document is available on SEDAR+ and the issuer's website; and
- file a completed Form 45-106F19 *Listed Issuer Financing Document* (the Offering Document) and post that Offering Document on its website.

The Offering Document must be filed within three days of its issue date and before soliciting offers. The Offering Document (together with other recently filed disclosure documents) must disclose all material facts relating to the securities being distributed and not contain a misrepresentation. If the distribution is made in Québec, the Offering Document must be prepared in French (or French and English).

The Canadian Securities Administrators highlighted that the LIFE Exemption has been used by more than 270 issuers since its implementation in 2022, resulting in aggregate capital raised exceeding C\$1 billion.

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