

May 13, 2025

## ***The CSA Adopts Coordinated Blanket Orders to Increase Attractiveness of Canadian Markets***

The Canadian Securities Administrators ("CSA") recently introduced several coordinated blanket orders to support the competitiveness of Canada's capital markets in the wake of current uncertainty in global markets. These orders: (1) provide exemptions from certain prospectus and disclosure requirements; (2) facilitate the raising of additional capital for new reporting issuers; and (3) increase capital raising opportunities for issuers while allowing investors to participate in greater financing opportunities.

### **I. Prospectus and Disclosure Blanket Order**

Coordinated Blanket Order 41-930 — *Exemptions from Certain Prospectus and Disclosure Requirements* ("**Order 41-930**") seeks to make going public in Canada through an initial public offering ("**IPO**") more cost effective and streamlines certain disclosure requirements.

#### **a. Third-Year Historical Financial Statements**

Order 41-930 exempts issuers and offerors from providing audited annual financial statements and operating statements for the third most recently completed financial year in relation to IPO prospectuses prepared in accordance with Form 41-101F1 — *Information Required in a Prospectus* and to circulars and material change reports that directly or indirectly reference prospectus requirements. Historically, this exemption only applied to IPO venture issuers and

existing reporting issuers. However, the CSA recognized that the third year of historical financial and operating statements imposed costs on potential issuers and offerors despite providing limited value to investors. By removing this requirement, companies' burdens associated with going public are reduced and Canada's requirements are more aligned with the requirements of other jurisdictions such as the United States.

#### **b. Standard Term Sheets and Marketing Materials During the Waiting Period**

Order 41-930 also exempts issuers from disclosing or deriving all of the information in the standard term sheets and marketing materials provided to investors during the waiting period in a previously-filed preliminary prospectus or its amendment. This exemption is only applicable where the issuer's standard term sheet and marketing materials contain "specified pricing information". Specified pricing information includes the following:

- the price, or price range, of offered securities;
- the number, or the range of the number, of offered securities;
- the total dollar amount, or the range of the total dollar amount, of offered securities;
- the total number, or the range of the total number, of securities of the

issuer of the class proposed to be distributed under the prospectus that would be outstanding post-offering;

- post-offering ownership, or the range of the post-offering ownership, of the issuer by selling securityholders and principal security holders; or
- any other terms of the offered securities or information regarding the issuer that are mathematically derived from the above information.

To use this exemption, the issuer must issue and file a news release containing the specified pricing information before the standard term sheet or marketing materials are provided to potential investors. This exemption provides issuers with greater flexibility by eliminating the costs of filing an amended preliminary prospectus updating the price and size of an offering during the waiting period.

### **c. Promoter Certificate Exemptions**

Order 41-930 exempts issuers from having to include a promoter certificate in a prospectus where the promoter is an individual and signs the certificate in a different capacity, such as a director or officer. In Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, and Nova Scotia, Order 41-930 exempts issuers from having to include a promoter certificate in a prospectus where (i) the prospectus does not qualify the distribution of asset-backed securities, (ii) the issuer has been a reporting issuer for at least 24 months, and (iii) the promoter is not a director, officer, or control person of the issuer.

## **II. New Reporting Issuer Blanket Order**

Coordinated Blanket Order 45-930 — *Prospectus Exemption for New Reporting Issuers* allows new reporting issuers that

have recently gone public in Canada through an underwritten IPO to raise additional capital without a prospectus for 12 months immediately after their IPO. This exemption allows an issuer to distribute up to the lesser of C\$100 million or 20% of the aggregate market value of the issuer's listed equity securities on the date that the issuer issues a news release announcing the first offering in reliance on this exemption. The securities distributed in reliance on this exemption must be of the same class of securities as those qualified under the IPO prospectus, and the price offered per security cannot be less than the IPO price. In addition, issuers must issue and file a news release and an offering document before soliciting an offer to purchase. The offering document must include, among other information, the following:

- details of the offering;
- disclosure of any material fact relating to the securities being distributed that has not already been disclosed in a document filed by the issuer;
- a description of the issuer's business objectives, recent developments and use of proceeds;
- a contractual right for the purchaser to cancel the agreement to purchase within two days of purchase; and
- a contractual right of rescission or action for damages for the purchaser where there is a misrepresentation in the offering documents.

## **III. Offering Memorandum Blanket Order**

In Alberta, New Brunswick, Nova Scotia, Ontario, Quebec, and Saskatchewan, individual investors who are not "accredited investors" face investment limits in offering

memorandums, including a 12-month C\$100,000 investment limit where the investor received suitability advice from a registered dealer or adviser. Coordinated Blanket Order 45-933 — *Exemption from the Investment Limit under the Offering Memorandum Prospectus Exemption to Exclude Reinvestment Amounts* provides an increase to this investment limit, such that these investors can re-invest proceeds of disposition of an investment in the same issuer without the re-investment counting toward the investment limit.

#### **IV. Conclusion**

The CSA's coordinated blanket orders became effective on April 17, 2025. Certain jurisdictions include an expiry date based on the term limits for blanket orders. The CSA encourages market participants, investor advocates, and interested stakeholders to contact their principal regulator to provide feedback on these orders. The CSA is also considering additional blanket orders to reduce issuer burden without compromising investor protection.

*This communication is intended to provide general information as a service to our clients and should not be construed as legal advice or opinions on specific facts.*