CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Notice Regarding Coordinated Blanket Orders

Coordinated Blanket Order 41-930 *Exemptions from Certain Prospectus and Disclosure Requirements*

Coordinated Blanket Order 45-930 *Prospectus Exemption for New Reporting Issuers*

Coordinated Blanket Order 45-933 *Exemption from the Investment Limit under the Offering Memorandum Prospectus Exemption to Exclude Reinvestment Amounts*

April 17, 2025

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing substantively harmonized exemptions from certain prospectus and disclosure requirements. Every member of the CSA is implementing the relief through the following local blanket orders entitled:

- Coordinated Blanket Order 41-930 *Exemptions from Certain Prospectus and Disclosure Requirements* (the **prospectus and disclosure blanket order**); and

- Coordinated Blanket Order 45-930 *Prospectus Exemption for New Reporting Issuers* (the **new reporting issuer blanket order**).[1]

In addition, Alberta, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan (the **participating jurisdictions**) are publishing a substantively harmonized exemption modifying the investment limit in the offering memorandum exemption in these jurisdictions. The participating jurisdictions are implementing relief through a local blanket order entitled:

- Coordinated Blanket Order 45-933 *Exemption from the Investment Limit under the Offering Memorandum Prospectus Exemption to Exclude Reinvestment Amounts* (the **offering memorandum blanket order**, together with the prospectus and disclosure blanket order and the new reporting issuer blanket order, the **blanket orders**).

Background

We are committed to ensuring that Canada's regulatory environment adapts to the evolving needs of businesses, investors and other market participants. For businesses to thrive in Canada, the regulatory environment must be balanced, tailored and responsive to the evolving marketplace without compromising investor protection.

Accordingly, the prospectus and disclosure blanket order is intended to streamline certain requirements with a view to reducing the time and costs of preparing disclosure related to prospectus filings, restructuring transactions and bids, without compromising investor protection.

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[1] In Saskatchewan, this exemption has been issued as Coordinated Blanket Order 45-934 *Prospectus Exemption for New Reporting Issuers* instead of 45-930. General Order 45-930 is already being used for another order in the province. Although the order number is different, the exemption remains substantively harmonized across all participating jurisdictions.

The new reporting issuer blanket order is intended to facilitate capital raising for new reporting issuers, other than investment funds. The offering memorandum blanket order is intended to increase capital raising opportunities for issuers and allow investors to participate in greater financing opportunities.

Description of prospectus and disclosure blanket order

The prospectus and disclosure blanket order is intended to support the competitiveness of Canada's public markets by:

- making it more cost-effective for issuers to go public in Canada through an initial public offering (**IPO**) prospectus, and
- streamlining other disclosure requirements.

Under the prospectus and disclosure blanket order, issuers may:

- exclude audited annual financial statements and operating statements for the third most recently completed financial year in their IPO prospectuses, circulars or material change reports that are filed in relation to restructuring transactions,
- include, subject to certain conditions, prices, total numbers and total dollar amounts of offered securities (or the range of such prices, numbers and amounts, as well as certain other information) in marketing materials and standard term sheets distributed during the waiting period without first disclosing the information in a preliminary prospectus or an amendment to a preliminary prospectus, and
- exclude promoter certificates from a prospectus where the promoter signs a certificate to the prospectus in another capacity or in Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia, where other conditions are met.

Third-Year Historical Financial Statements

Description

The prospectus and disclosure blanket order provides that issuers and offerors filing a prospectus are exempt from the requirements under Form 41-101F1 *Information Required in a Prospectus* (**Form 41-101F1**) to provide third-year historical financial and operating statements. A similar exemption is provided for requirements that arise under the enumerated circular and material change reporting requirements.

Specifically, the prospectus and disclosure blanket order provides an exemption from the requirements to disclose, for the third most recently completed financial year, the:

- statement of comprehensive income,
- statement of changes in equity,
- statement of cash flows, and
- operating statement for oil & gas acquisitions.

This exemption applies to IPO prospectuses prepared in accordance with Form 41-101F1 and extends to circulars and material change reports that directly or indirectly reference prospectus requirements, including Form 51-102F3 *Material Change Report*, Form 51-102F5 *Information Circular,* Form 62-104F1 *Take-Over Bid Circular* and Form 62-104F2 *Issuer Bid Circular*.

This relief is only from the requirement to provide financial and operating statements for the third most recently completed financial year. Issuers and offerors, as applicable, must still comply with all other disclosure requirements related to the third most recently completed financial year.[2]

Rationale

The additional third year of historical financial and operating statements may provide limited incremental value to investors while imposing costs on potential issuers and offerors. Historically, only IPO venture issuers and issuers that are already reporting issuers did not have to provide a third year of financial statements. Expanding this exemption to all issuers and offerors reflects evolving market expectations and takes into consideration that most issuers in comparable jurisdictions do not have the same requirement.

Standard Term Sheets and Marketing Materials During the Waiting Period

Description

The prospectus and disclosure blanket order provides exemptions from the requirements in National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) that all information contained in standard terms sheets and marketing materials provided during the waiting period must be disclosed in, or derived from, a previously-filed preliminary prospectus or an amendment to a preliminary prospectus. The prospectus and disclosure blanket order allows standard term sheets and marketing materials provided during the waiting period between the receipt of the preliminary prospectus and final prospectus to include the:

- price (or price range) of offered securities,
- number (or range of the number) of offered securities,
- total dollar amount (or range of the total dollar amount) of offered securities,
- 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 securityholders, or
- any other terms of the offered securities or information regarding the issuer that are mathematically derived from any of the information referred to above (the **specified pricing information**)

if:

- before an investment dealer provides potential investors with the standard term sheet or marketing materials containing specified pricing information, the issuer issues and files a news release containing the specified pricing information, and
- all information in the standard term sheet and marketing materials, other than the specified pricing information, information mathematically derived from the specified pricing information and contact information for the investment dealer or underwriters, is disclosed in or derived from, the preliminary prospectus or any amendment to the preliminary prospectus.

[2] For example, please see items 5.1(2) and 5.1(3) and 5.2(2) of Form 41-101F1.

For example, if the preliminary prospectus contained "use of proceeds" disclosure with a number based on the original pricing information in the preliminary prospectus (or a "bullet" for a number to be based on future pricing information), the exemptions would allow the standard term sheet or marketing materials to include use of proceeds disclosure with a revised number based on the specified pricing information in the news release if the revised number was information mathematically derived from the specified pricing information in the news release.

Rationale

The standard term sheet and marketing materials exemptions included in the prospectus and disclosure blanket order are designed to help facilitate flexibility and deal certainty when marketing securities proposed to be distributed under a prospectus. The exemptions do so by eliminating the time and cost of having to file an amended preliminary prospectus to disclose pricing and deal size information before such information can be marketed to potential investors during the waiting period. The exemptions recognize that where an issuer has already publicly disclosed the specified pricing information in a news release filed on SEDAR+, there is limited benefit to the market compared to the burden to the issuer to expend the time and cost of filing an amended preliminary prospectus.

Promoter Certificate Exemptions

Description

The prospectus and disclosure blanket order provides that issuers are exempt from including a promoter certificate in a prospectus where the promoter is an individual and signs a certificate required by securities legislation in a capacity other than that of a promoter.

In Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia, the prospectus and disclosure blanket order also provides that issuers are exempt from including a promoter certificate in a prospectus, other than a prospectus qualifying the distribution of asset-backed securities, for issuers that have been reporting issuers for at least 24 months, and where the promoter is not a director, officer or control person of the issuer.

Rationale

The prospectus and disclosure blanket order eliminates the time and cost associated with routine exemptive relief applications to exclude a promoter certificate in the context of a prospectus offering where the promoter is assuming liability for a misrepresentation in the prospectus by signing a prospectus certificate in another capacity. This exemption recognizes that the promoter would already have the same statutory liability by virtue of signing the prospectus in another capacity.

In addition, in Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia, the prospectus and disclosure blanket order is intended to provide clarity by specifically exempting issuers from the promoter certificate requirement where they have been reporting issuers for at least 24 months, where the promoter is not a director, officer or control person of the issuer and where the prospectus is not qualifying the distribution of an asset-backed security. Other jurisdictions do not require an issuer to include a promoter certificate in these circumstances.

This relief is only from the promoter certificate requirement. Issuers must still comply with all prospectus and continuous disclosure requirements related to promoters.[3]

An issuer relying on any exemptions included in the prospectus and disclosure blanket order should refer to such reliance in the applicable disclosure document.

Description of new reporting issuer blanket order

Description

The new reporting issuer blanket order provides a prospectus exemption to new reporting issuers for the 12 months immediately after their underwritten IPO prospectus, subject to the conditions of the order.

Under the new reporting issuer blanket order, within the 12 month period after a receipt is issued for a final long form IPO prospectus for an underwritten offering, the issuer may, in total, distribute up to the lesser of $100,000,000 or 20% of the aggregate market value of the issuer's listed equity securities on the date the issuer issues the news release announcing the first offering in reliance on the exemption in the order. The securities distributed under the new reporting issuer blanket order must be of the same class qualified under the IPO prospectus, and the price offered per security must not be less than the price per security distributed under the IPO prospectus.

The new reporting issuer blanket order requires that, before soliciting an offer to purchase, issuers must file a news release and an offering document. Staff expect that issuers filing a news release or offering document on SEDAR+ will use the following approach:

Applicable Document	**Filing Category**	**Filing Type/Filing Sub-type**	**Description**
News Release	Continuous Disclosure	News Releases	News Release
Offering document	Continuous Disclosure	News Releases	Offering material

This will ensure a consistent approach to filing these materials and will enable potential investors to find them more easily.

The offering document must include, among other information:

- 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; and

[3] For example, please see item 22 of Form 41-101F1, item 16 of Form 44-101F1 *Short Form Prospectus* and item 11 of Form 52-102F2 *Annual Information Form*.

- a contractual right to cancel the agreement to purchase within two days of purchase and, if there is a misrepresentation in the offering document or certain other documents, a contractual right of recission or action for damages.

Additional disclosure may be required by non-venture issuers where proceeds from the distribution are allocated to any recently completed or probable significant acquisition. The new reporting issuer blanket order imposes some restrictions on when the exemption can be used. For example, it cannot be used by any issuer for a restructuring transaction or any other transaction that requires securityholder approval, and further it cannot be used by venture issuers for acquisitions that would be significant acquisitions under Part 8 of NI 51-102. It also requires post-distribution reporting.

Rationale

The new reporting issuer blanket order provides issuers who successfully complete an underwritten IPO with greater, more flexible and efficient capital raising opportunities, while maintaining investor protection. To receive a receipt for a final prospectus, an issuer conducting an IPO must undergo a lengthy review and comment process in respect of their prospectus disclosure with their principal regulator. The new reporting issuer blanket order is limited to a one-year timeframe after the date of the receipt for the final IPO prospectus, and issuers must continue to file all periodic and timely disclosure documents that are required to be filed under applicable securities legislation. If a material change occurs in respect of the issuer before the completion of the distribution under this order, an issuer must cease the distribution, subject to certain conditions. In addition, the new reporting issuer blanket order is limited to issuers who reasonably expect to have available funds to meet business objectives and liquidity requirements for a period of 12 months after the distribution.

Description of offering memorandum blanket order

Description

In the participating jurisdictions, the offering memorandum exemption includes certain investment limits for individual investors who do not meet the definition of "accredited investor," including a limit of $100,000 if the investor receives advice from a registered dealer or registered adviser that the investment itself is suitable for the investor.

The offering memorandum blanket order provides an exemption from the 12 month $100,000 investment limit, such that a re-investment of proceeds of disposition of an investment in the same issuer does not count towards such investment limit, provided that the investor receives advice from a registered dealer or registered adviser that the re-investment of proceeds and any new investment under the offering memorandum exemption continues to be suitable for the investor.

In Ontario and Nova Scotia, an issuer distributing securities in reliance on the exemption in the offering memorandum blanket order must provide written notice including specified information to the regulator or securities regulatory authority within ten days of the distribution. The participating jurisdictions also expect the issuer to specify the offering memorandum blanket order and the name of the registered dealer or registered adviser respectively in column R and Z of Schedule 1 to Form 45-106F1 *Report of Exempt Distribution* when relying on the exemption in the offering memorandum blanket order.

Rationale

The participating jurisdictions have received feedback from stakeholders recommending that the investment limit in the offering memorandum exemption be raised in the interest of facilitating capital-raising opportunities for issuers and to allow investors to participate in more exempt-market opportunities.

Local adaption and term of blanket orders

Although the outcome is intended to be the same in all CSA jurisdictions, the language of the blanket orders issued by each province or territory may not be identical because each jurisdiction's blanket order must fit within the authority provided in local securities legislation.

The blanket orders will come into effect on April 17, 2025. In certain jurisdictions, the blanket orders include an expiry date based on the term limits for blanket orders in the jurisdiction.[4]

Future relief

The CSA is actively considering blanket orders in other areas where we can reduce issuer burden without impacting investor protection, including an increase to the capital raising limit under the listed issuer financing exemption in Part 5A of National Instrument 45-106 *Prospectus Exemptions* that would apply to all listed reporting issuers.

Questions

Please refer your questions to any of the following:

British Columbia Securities Commission
Larissa Streu
Manager, Corporate Disclosure
British Columbia Securities Commission
604-899-6888
lstreu@bcsc.ca

Anne Bruchet
Senior Securities Analyst, Corporate Disclosure
British Columbia Securities Commission
604-899-6778
abruchet@bcsc.bc.ca

Alberta Securities Commission
Anthony Potter
Manager, Corporate Disclosure & Financial Analysis
Alberta Securities Commission
403-297-7960
anthony.potter@asc.ca

Danielle Mayhew
Senior Legal Counsel

[4] For example, in Ontario, the term of the blanket orders is 18 months and will expire on October 16, 2026.

Alberta Securities Commission danielle.mayhew@asc.ca
403-355-3876

Tonya Fleming
Manager, Private Markets & Innovation
Alberta Securities Commission
403-355-9032
tonya.fleming@asc.ca

Financial and Consumer Affairs Authority of Saskatchewan
Heather Kuchuran
Director, Corporate Finance
Financial and Consumer Affairs Authority of Saskatchewan
306-787-1009
heather.kuchuran@gov.sk.ca

Manitoba Securities Commission
Patrick Weeks
Deputy Director, Corporate Finance
Manitoba Securities Commission
204-945-3326
patrick.weeks@gov.mb.ca

Ontario Securities Commission
Matthew Au
Senior Accountant
Corporate Finance Division
Ontario Securities Commission
416-593-8132
mau@osc.gov.on.ca

Katrina Janke
Senior Legal Counsel
Corporate Finance Division
Ontario Securities Commission
416-593-8297
kjanke@osc.gov.on.ca

Jessie Gill
Senior Legal Counsel
Corporate Finance Division
Ontario Securities Commission
416-593-8114
jessiegill@osc.gov.on.ca

Paul Hayward
Senior Legal Counsel
Corporate Finance Division
Ontario Securities Commission
416-593-8288
phayward@osc.gov.on.ca

Ben Mayer-Goodman
Legal Counsel
Corporate Finance Division
Ontario Securities Commission
416-593-8349
bmayer-goodman@osc.gov.on.ca

Autorité des marchés financiers
Laurence Ménard
Analyst
Corporate Finance Transactions
Autorité des marchés financiers
514 395-0337, ext. 4389
laurence.menard@lautorite.qc.ca

Jennifer McLean
Coordinator/Senior Analyst
Corporate Finance Transactions
Autorité des marchés financiers
514 395-0337, ext. 4387
jennifer.mclean@lautorite.qc.ca

Nadine Gamelin
Senior Coordinator
Financial Information
Autorité des marchés financiers
514 395-0337, ext. 4417
nadine.gamelin@lautorite.qc.ca

Geneviève Laporte
Senior Coordinator
Financial Information
Autorité des marchés financiers
514 395-0337, ext. 4294
genevieve.laporte@lautorite.qc.ca

Nova Scotia Securities Commission
Peter Lamey
Legal Analyst
Nova Scotia Securities Commission
902 424-7630
Peter.Lamey@novascotia.ca

Financial and Consumer Services Commission of New Brunswick
Ray Burke
Manager, Corporate Finance
Financial and Consumer Services Commission of New Brunswick
506-643-7435
ray.burke@fcnb.ca