Canadian Securities Administrators
Autorités canadiennes en valeurs mobilières

CSA Consultation Paper 51-406
Modernizing the Regulation of Public Companies

July 16, 2026

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are committed to ensuring that Canada's securities regulatory environment adapts to the evolving needs of investors, reporting issuers, and other market participants. For public markets to thrive in Canada, the regulatory environment must be balanced, tailored and responsive to the evolving context while maintaining investor protection.

To that end, the CSA continues to explore ways to support a regulatory framework for reporting issuers[1] that facilitates access to capital, supports the competitiveness of Canadian capital markets[2] and appropriately balances investor protection. Recent examples include:

- exemptions that allow eligible venture issuers to voluntarily adopt a semi-annual financial reporting framework,
- expanding the limits on the listed issuer financing prospectus exemption,
- providing exemptive relief from certain prospectus and disclosure requirements to facilitate initial public offerings,
- introducing a prospectus exemption for offerings by new reporting issuers,[3]
- implementing a well-known seasoned issuer regime to streamline capital raising by established issuers,[4] and

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1 In this Consultation Paper, we are focused on reporting issuers that are not investment funds.

2 Goal 1 of the CSA Business Plan for 2025-2028 identifies supporting the competitiveness of Canadian capital markets as a core objective.

3 On April 17, 2025, the CSA published Coordinated Blanket Order 41-930 *Exemptions from Certain Prospectus and Disclosure Requirements*, Coordinated Blanket Order 45-930 *Prospectus Exemption for New Reporting Issuers* and Coordinated Blanket Order 45-933 *Exemption from the Investment Limit under the Offering Memorandum Prospectus Exemption to Exclude Reinvestment Amounts*. On May 14, 2025, the CSA published Coordinated Blanket Order 45-935 *Exemptions from Certain Conditions of the Listed Issuer Financing Exemption.* On March 19, 2026, the CSA published Coordinated Blanket Order 51-933 *Exemptions to Permit Semi-Annual Reporting for Certain Venture Issuers*.

4 On August 28, 2025, the CSA published amendments to National Instrument 44-102 *Shelf Distributions* (**NI 44-102**) to introduce an expedited shelf prospectus regime for well-known seasoned issuers in Canada.

- introducing targeted initiatives to develop an access model for continuous disclosure documents.[5]

These initiatives form part of a multi-year effort by the CSA to modernize our regulatory framework. Each of these initiatives has specific eligibility criteria and conditions and is supported by ongoing continuous disclosure obligations, among other investor protections.

This consultation paper (the **Consultation Paper**) is seeking stakeholder input on potential ways to modernize the following areas of securities legislation in relation to reporting issuers:

A. **Proportionate regulation**: We are seeking input on whether the current method of delineating between venture and non-venture issuers based on their exchange listing continues to serve its intended purpose or whether a revised approach could more effectively support proportionate regulation.

B. **Alternative financial reporting requirements**: We are seeking input on whether the CSA should consider permitting a subset of venture issuers to elect to prepare their financial statements using an alternative approach to financial statement reporting, for example based on a modified application of certain aspects of IFRS Accounting Standards.

C. **Hold periods for private placements by reporting issuers**: We are seeking input on whether the CSA should reconsider the need for, or otherwise modify, hold periods for securities of reporting issuers that are distributed under a prospectus exemption.

   We are also considering whether we should introduce a new prospectus exemption that would permit certain eligible reporting issuers to distribute securities to certain qualified institutional purchasers through registered dealers without a hold period subject to certain conditions. We seek feedback on this proposed exemption including whether it could expand access to capital.

D. **Material change reporting**: We are seeking input on whether current material change reporting requirements remain appropriate in today's marketplace, including potential ways to reduce or eliminate current duplication.

E. **Developments in the United States**: We are seeking input on the implications of the recent statements and proposals issued by the United States (the **U.S.**) Securities and Exchange Commission (the **SEC**) and how these U.S. developments should inform our regulatory proposals.

F. **General feedback**: In addition to the matters outlined above, we are seeking input on whether there are any other changes or initiatives that could further enhance reporting

[5] On June 25, 2026, the CSA published amendments and changes to implement an access model for annual financial statements, interim financial reports, and related management's discussion and analysis of non-investment fund reporting issuers. Provided all necessary approvals are obtained, the final amendments will come into force on September 22, 2026.

issuers' ability to raise capital and improve the efficiency of Canadian capital markets while appropriately balancing investor protection.

The CSA is publishing this Consultation Paper for a 120-day comment period. We welcome perspectives from all interested stakeholders. The CSA will consider the feedback on all aspects of the Consultation Paper to assess appropriate next steps, including whether new rules or amendments to existing rules or other regulatory actions are warranted.[6] The CSA may use blanket order powers where it is necessary and appropriate to implement general exemptions on a timely basis; however, the CSA will publish any proposed new rules or rule changes for formal comment through the rule-making process.

Proposals for Consultation

A. Proportionate Regulation

Background

Canada's public markets exhibit a distinctive structure with approximately 3,000 listed issuers and nearly $6 trillion in aggregate market capitalization, characterized by a significant divergence between the number of issuers and the distribution of market capitalization. Approximately 76% of listed issuers are venture issuers and 24% are non-venture issuers[7]. Market capitalization is highly concentrated among a relatively small number of large issuers, with roughly 12% of issuers exceeding $1 billion in market capitalization and accounting for the vast majority of overall market value. This market structure informs the consultation questions that follow, including whether the current exchange-based distinction continues to draw an appropriate line between issuers for reporting purposes and whether alternative or more tailored approaches to proportionate regulation should be considered.

Canadian securities legislation generally imposes tailored requirements on reporting issuers that fall within the definition of a "venture issuer." National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) defines a "venture issuer" as a reporting issuer that is not a CSE senior tier issuer and does not have any of its securities listed or quoted on any of the Toronto Stock Exchange, Cboe Canada Inc., a U.S. marketplace, or a marketplace outside of Canada and the U.S. other than the Alternative Investment Market of the London Stock Exchange or the AQSE Growth Market operated by Aquis Stock Exchange Limited.

This distinction between venture and non-venture issuers, which is currently tied to the exchange on which an issuer's securities are listed or to circumstances where an issuer is a reporting issuer but not listed on any exchange, reflects the underlying policy objective of streamlining and tailoring venture issuer disclosure requirements in a manner that is proportionate, having regard to an

[6] We will continue to monitor international developments, including the recent proposals by the SEC discussed in this Consultation Paper, to further inform our approach to reducing regulatory burden and facilitating access to capital for reporting issuers without compromising investor protection.

[7] As of March 2026.

issuer's size and stage of development. This approach aims to align disclosure obligations with the needs and expectations of venture issuer investors for informed decision-making, while ensuring that regulatory requirements remain suitable and manageable for issuers at earlier stages of development.[8]

This exchange-based delineation has historically provided transparency and certainty for issuers and investors as the exchange on which an issuer is listed has generally aligned with an issuer's stage of development. It has also offered a degree of market stability by aligning continuous disclosure obligations with exchange-level oversight. It is also relatively simple to apply in practice.

However, the Canadian capital markets landscape continues to evolve with:

- the growth of the venture issuer market and the exchanges serving that market;
- a limited number of larger, more mature issuers, including those operating in novel or specialized industries, who remain listed on venture exchanges despite their size and complexity; and
- issuers losing their venture issuer status when they obtain secondary listings on marketplaces, often outside of Canada and the U.S., that are not in the definition of venture issuer.

In addition, we have observed certain large issuers, particularly debt-only issuers, being classified as venture issuers because their securities are not listed on an exchange.

These circumstances raise questions about whether the current approach to delineating between venture and non-venture issuers continues to be appropriate. They also underscore the importance of continuing to assess whether our regulations remain right-sized, proportionate and aligned with current market realities and investor needs.

Potential Options

While we could maintain the current framework, we are also seeking input on the following potential options to support proportionate regulation:

a. **Option A - Maintaining the current approach with targeted adjustments**

  - If the existing exchange-based model is preserved, enhanced requirements could be applied to venture issuers above certain thresholds or certain reduced requirements could be extended to smaller non-venture issuers (for instance, requirements relating

[8] Other jurisdictions have taken different approaches to achieve proportionate regulation. For example, issuers in the U.S. are categorized by public float and revenue with scaled disclosure obligations and transition thresholds as issuers grow. Certain U.S. issuers may benefit from scaled disclosure requirements if they qualify as a "smaller reporting company" or an "emerging growth company".

to corporate governance disclosure, executive compensation disclosure or business acquisition reporting).

- This would allow for incremental changes to address the most pressing proportionality concerns while retaining the basic, long-standing framework for issuers and investors.
- As part of this approach, we could consider whether issuers should retain their venture issuer status where they obtain a secondary listing on a marketplace that is not captured in the current definition of "venture issuer."

b. **Option B - Introducing issuer-specific criteria to determine issuer status**

- The definition of "venture issuer" could be amended so that an issuer's status is determined not by exchange listing but rather by measurable financial or operational metrics (e.g., asset, revenue, market capitalization, public float) assessed at defined points in time (e.g., annually).
- This would align more closely with certain international frameworks, such as in the U.S. that categorize issuers by public float and revenue.

c. **Option C - Requiring mandatory graduation from venture exchanges for issuers exceeding specified size thresholds**

- Issuers that exceed defined thresholds, such as one of the metrics listed above, would be required to cease being listed on a venture exchange or tier and graduate to a non-venture exchange or tier.
- This would maintain a clear distinction between venture and non-venture exchanges/tiers while ensuring that larger or more complex issuers are subject to the regulatory expectations applicable to non-venture issuers.
- This would necessitate amendments to the policies and listing requirements of the Canadian exchanges and, accordingly, would be dependent on the exchanges considering and implementing any related changes.

Consultation Questions

A1. Does the current method of delineating between venture and non-venture issuers based on exchange listing continue to draw an appropriate line between issuers that should be subject to more or less extensive reporting issuer obligations, i.e., should the status quo be maintained? Why or why not? If you support a change, which of the three Options, if any, do you support and why?

A2. What factors influence an issuer's decision to maintain a listing on a venture exchange or a non-venture exchange? In particular, to what extent, if any, do senior issuers remain listed on venture exchanges because of less extensive reporting obligations applicable to venture issuers? Please provide details, including the most significant factors motivating issuers in choosing a listing venue.

A3. Questions related to Option A:

a. Are there specific venture issuer requirements that should be extended to smaller non-venture issuers, such as reduced requirements relating to corporate governance disclosure, executive compensation disclosure or business acquisition reporting? If so, which ones and why? Are there other requirements in addition to those we have listed?

b. Conversely, are there aspects of non-venture issuer requirements that should be applied to larger or more complex venture issuers? If so, which ones and why?

c. Should foreign exchange listings be considered in assessing venture/non-venture issuer status? Why or why not?

d. Are there specific foreign exchanges or marketplaces that should be considered as equivalent to Canadian venture or non-venture marketplaces for the purposes of determining venture issuer status? Why or why not?

e. Are there additional accommodations that should be extended to smaller venture issuers?

A4. Questions related to Option B:

a. What thresholds or criteria would be most appropriate? Considerations could include revenue, total assets, market capitalization, public float or other.

b. At what point in time should these metrics be assessed, and how frequently should an issuer's status be reviewed to prevent issuers from moving repeatedly between venture and non-venture issuer status?

c. How could this approach be designed to accommodate smaller non-venture issuers or larger venture issuers to effectively promote proportionality? For example, should there be further tailoring of reporting issuer obligations within the venture and non-venture issuer categories?

d. Are there other factors or market impacts that we should take into account in considering this approach?

A5. Questions related to Option C:

a. What metrics would be relevant in determining whether issuers should graduate from venture to non-venture exchange or tiers and why?

b. Are there other factors or market impacts that we should take into account in considering this approach?

A6. Are there aspects of regulatory regimes in other jurisdictions, or alternative or hybrid approaches beyond the options described above, that could inform the Canadian framework? If so, please provide details.

B. Alternative Financial Reporting Requirements

Background

We have received feedback from some market participants that for some smaller venture issuers, the costs of compliance with respect to providing financial statements in accordance with certain aspects of IFRS Accounting Standards may have become disproportionate to the benefits received by investors. Some reasons cited for this include:

- **Complex judgements and estimates**: Issuers are commonly required to make significant judgments or estimates when applying certain aspects of IFRS Accounting Standards, including in areas such as fair value measurements or the bifurcation of financial instruments. These complex accounting areas often require internal expertise or the use of external advisors and the related disclosures that are required can be challenging for smaller issuers to prepare. These same areas can also lead to higher external audit costs.

- **Frequency and scope of change**: Venture issuers with limited resources may find it challenging to monitor, interpret and implement frequent changes to accounting standards, including consequential changes to accounting policies and disclosure.

We have also received feedback that investors of some venture issuers may use financial statements differently, and that investment decisions in some of these venture issuers may place less emphasis on certain aspects of financial statement reporting. Consequently, some investors question whether the current financial statement reporting requirements are appropriately tailored for some venture issuers.

Potential Approach

We are seeking input on whether the CSA should consider permitting a subset of venture issuers to elect to prepare their financial statements using an alternative approach to financial statement reporting, for example based on a modified application of certain aspects of IFRS Accounting Standards, that appropriately balances burden reduction and investor protection.

Consultation Questions

B1. Should the CSA reconsider the current reporting requirements in financial statements for a subset of venture issuers?

  a. If yes, what outcomes or improvements would you like to see?

  b. If not, why do you think the current requirements remain appropriate or necessary for all issuers regardless of size?

B2. What characteristics (e.g., stage of development, operating complexity, industry, revenue level, or financing frequency) should determine which venture issuers might be eligible for an alternative or proportionate financial statement reporting approach?

B3. What specific IFRS Accounting Standards requirements or disclosures present the greatest challenges for venture issuers in terms of cost or complexity? For example, are there particular standards or types of disclosures that require significant judgments, external valuations or specialised advisors?

B4. As an investor, which aspects of a venture issuer's financial statements are most important to your decision making and which are less relevant, and why?

B5. What other considerations should the CSA take into account when evaluating whether alternative or proportionate financial statement reporting approaches may be appropriate for certain venture issuers?

B6. Are there aspects relating to the regulatory regime for financial reporting requirements in other jurisdictions that we should consider? If so, please provide details.

C. Hold Periods for Private Placements by Reporting Issuers

Background

In Canada, securities regulation generally provides that all distributions of securities must be made through a prospectus except where an exemption from the prospectus requirement is available. Most securities distributed using prospectus exemptions are subject to resale restrictions and generally cannot be resold while the resale restrictions are in effect, except pursuant to another prospectus exemption.

Under National Instrument 45-102 *Resale of Securities* (**NI 45-102**), securities of a reporting issuer are subject to a restricted period or a seasoning period as follows:

- securities that are subject to a restricted period must be held by the purchaser for at least four months from the distribution date, provided the issuer of the securities is and has been a reporting issuer for the four months immediately preceding the trade (the **hold period**); and

- securities that are subject to a seasoning period must be held by the purchaser until the issuer of the securities is and has been a reporting issuer for the four months immediately preceding the trade.

Historically, hold periods have been justified on the grounds that they:

- may prevent "backdoor underwriting",[9] which is the risk that initial purchasers may immediately resell the securities to investors in the secondary market who
  - will not have the same statutory protections (e.g., statutory civil liability to sue the issuer, its principals, the underwriter and experts in the event of a misrepresentation) as if they had purchased the securities directly from the issuer under a prospectus or an exemption, and
  - may not have the same sophistication, resources or ability to withstand loss as an investor eligible to purchase securities on a prospectus-exempt basis and may not have access to the same information that the initial purchaser received;
- protect investors by ensuring that material information about the issuer is available and disseminated in the market before the securities become freely tradable;
- create an incentive for issuers to use the prospectus system by reducing the price investors may be willing to pay for securities distributed under a prospectus exemption because they are not freely tradeable, thereby allowing investors to benefit from the enhanced due diligence and civil liability associated with the prospectus system;
- align the interests of investors and issuers by attracting longer term investors and ensuring investors are acquiring the securities with investment intent; and
- mitigate any potential information advantages that a person acquiring prospectus-exempt securities might have by requiring that person to hold the securities for a certain period of time.

In 2004, the British Columbia Securities Commission (**BCSC**) proposed a system of continuous market access in connection with introducing a new legislative regime.[10] Under the proposal, reporting issuers would be required to keep their continuous disclosure up-to-date at all times with an ongoing requirement to disclose all material information. Reporting issuers that filed an annual information form would have an exemption from the prospectus requirements and could offer securities to investors without an offering document and without any hold period or other resale restrictions. This proposal did not proceed because of concerns about lack of harmonization across CSA.

Several developments since that time suggest it may be appropriate to reconsider the disclosure-related rationale for hold periods:

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9 See, for example, the commentary on backdoor underwriting in s. 3.12 [*Listed issuer financing exemption*] of the Companion Policy (**CP**) to National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**).

10 https://www.bcsc.bc.ca/-/media/PWS/Resources/Securities_Law/Policies/PolicyBCN/Issuers_Guide.pdf

- Subsequent technological advances have increased the speed at which information becomes available to investors and is absorbed by the markets.

- In recent years, we have received feedback[11] that hold periods result in significant complexity and inefficiencies, treat economically equivalent securities (newly issued securities that are subject to hold periods and previously issued securities of the same class that are freely trading) differently and create incentives to structure "swap" transactions to avoid hold periods involving securities lending arrangements and short sales or resales.

- Statutory civil liability for secondary market disclosure and a harmonized continuous disclosure regime help address concerns that issuers might be selective or inaccurate in the information they publicly disclose. Harmonized continuous disclosure requirements, together with robust insider trading prohibitions also address concerns that the information issuers provide is not robust or that persons who may be in positions to benefit most from acquiring securities directly from the issuer could be making investment decisions while in possession of information that has not been disseminated to the general public.

We understand that, in the past, some market participants have expressed the view that a number of the historical rationales for the existing four-month hold period may no longer be relevant or appropriate, particularly:

- ensuring sufficient time for the market to absorb information before securities become freely tradeable; and
- providing an incentive for issuers to use the prospectus system.

Although previous CSA consultations produced no consensus on the issue of whether the hold period regime should be revised or eliminated, the CSA used the information gained from these consultations to help develop the listed issuer financing exemption (**LIFE**) in Part 5A of NI 45-106.

The introduction of a number of new prospectus exemptions that place increased emphasis on an issuer's continuous disclosure record, such as LIFE, reflects the reality that most investors purchase securities in the secondary market in reliance on an issuer's continuous disclosure rather than on the disclosure in a prospectus.

Item 1.5 of the CSA Business Plan for 2025-2028 also includes consideration of whether there are circumstances in which hold periods on private placements could be reduced for certain reporting issuers.

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[11] In Ontario, see also the following: the Final Report of the Five-Year Review Committee, *Reviewing the Securities Act (Ontario),* commissioned by the Ontario Ministry of Finance, March 21, 2003, at page 135 (link). See also Recommendation 12 of the Ontario Capital Markets Modernization Taskforce Final Report issued on January 22, 2021 (link).

Potential Options

(a) Reconsidering the Hold Period Regime for Reporting Issuers

We are seeking input on whether the CSA should conduct a comprehensive review of hold periods for securities of reporting issuers that are issued in reliance on a prospectus exemption.

Consultation Questions

C1. Should we reconsider the current hold period regime for reporting issuers? Why or why not?

C2. If we were to reconsider the current hold period regime for reporting issuers,

a. Should we consider a continuous market access regime like the BCSC proposed in 2004? Why or why not?

b. What other areas of securities regulation should be considered in connection with potential changes to the hold period regime?

C3. What are the current benefits to reporting issuers and their investors from a four-month hold period? In what circumstances? Would a different hold period be more appropriate to maintain those benefits?

C4. LIFE allows a reporting issuer to issue free trading securities without a prospectus. Are there other circumstances in which a reporting issuer might be permitted to offer securities without a hold period, for example, if it has filed an annual information form and confirms that there are no undisclosed material facts or if investors are provided enhanced civil rights of action in relation to any disclosure provided, similar to the rights in connection with prospectus disclosure?

C5. If we were to reconsider the need for hold periods by reporting issuers, how might this affect the use of prospectuses and the benefits associated with the due diligence process that is conducted in connection with a prospectus including by underwriters and experts?

C6. There are differences between the primary market civil liability regime applicable to misrepresentations in a prospectus and the secondary market civil liability regime applicable to misrepresentations in certain continuous disclosure documents. For example, the secondary market civil liability regime does not generally extend liability to underwriters and the limits on liability are lower. In addition, the secondary market civil liability regime generally includes seeking permission from the Court before an investor can bring a claim. Could these differences impact whether reporting issuers take adequate care to ensure that their disclosure is fair, balanced and not misleading? Why or why not?

(b) Qualified Institutional Purchaser Exemption

In addition to consulting on hold periods for reporting issuers generally, we are seeking initial feedback on a potential new prospectus exemption (the **QIP exemption**)[12] for distributions by Canadian-listed reporting issuers made through registered dealers to Qualified Institutional Purchasers (as contemplated below). Depending on the feedback received, we may consider taking further steps to propose and/or implement the QIP exemption.

The QIP exemption is intended to increase the ability of Canadian listed issuers to raise capital from institutional investors. We have heard that certain institutional investors are sometimes constrained in their ability to acquire securities that are subject to resale restrictions. We expect the QIP exemption could both facilitate capital raising by reporting issuers as well as better facilitate investment by Canadian institutional investors who may be subject to limits on their ability to hold restricted investments.

In addition, in certain jurisdictions, the QIP exemption would eliminate differential resale treatment for private placements to investors in Canada compared to private placements to investors outside Canada. Specifically, in certain jurisdictions,[13] local prospectus exemptions allow securities distributed under these exemptions to be freely tradeable, provided that the issuer and intermediaries involved in the distribution are able to reasonably conclude that the securities will "come to rest" with investors outside the jurisdiction. We have heard from some market participants that these prospectus exemptions for outbound distributions may create an "unlevel playing field" putting Canadian investors and dealers at a disadvantage because distributions to Canadian investors in reliance on existing prospectus exemptions such as the accredited investor exemption are subject to resale restrictions, even if the issuer and intermediaries are able to reasonably conclude that the securities will "come to rest" with investors that are not purchasing with a "view to distribution".

We are considering the following parameters for a QIP exemption:

1. The issuer would need to be a Canadian reporting issuer that meets criteria similar to those required to file a short form prospectus under National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**) or the criteria under LIFE, namely, a reporting issuer that:

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[12] The proposed QIP exemption could be achieved initially by way of a blanket order and ultimately by way of rule changes (e.g., amendments to NI 45-106 or a new rule).

[13] In Alberta, see ASC Rule 72-501 *Distributions to Purchasers Outside Alberta* (**ASC Rule 72-501**); in Ontario, see OSC Rule 72-503 *Distributions Outside Canada* (**OSC Rule 72-503**); in New Brunswick, see FCNB Rule 72-501 *Distribution of Securities to Persons Outside New Brunswick* (**FCNB Rule 72-501**). In British Columbia, see BC Instrument 72-503 *Distribution of Securities outside British Columbia* (**BCI 72-503**) and the CP guidance in 72-702 *Distribution of Securities to Persons Outside British Columbia* (**72-702**). In Saskatchewan, see Exemption Order 72-901 *Trades to Purchasers Outside of Saskatchewan* (**72-901**). In Quebec, orders may be granted under section 12 of the *Securities Act* (Quebec). See also Blanket decision No. 2016-PDG-0093 on the exemption from the requirement to prepare a prospectus for resale in foreign jurisdictions of securities of Canadian issuers.

- o is not in default of securities legislation requirements and has been a reporting issuer in at least one jurisdiction of Canada for the 12 months immediately before the financing;
- o has listed equity securities on a recognized exchange in Canada;
- o has active business operations (e.g., its operations have not ceased, and is not a capital pool company or special purpose acquisition company) and has not recently completed a restructuring transaction with a person or company that did not have active business operations;
- o is not an investment fund; and
- o has filed all timely and periodic disclosure documents as required under applicable Canadian securities laws.

2. The distribution would need to be made through a registered dealer (investment dealer or exempt market dealer).

3. The distribution would need to be made to a Canadian-based institutional investor that is a "Qualified Institutional Purchaser", which term could be defined either as a "permitted client" as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) or as a subset of this definition that focuses on institutional permitted clients.

4. The registered dealer, having considered relevant CSA guidance[14], would need to have reasonable grounds to conclude, and would need to maintain a record of, and the basis for, this conclusion, that the Qualified Institutional Purchaser

- o is purchasing as principal and for its own account, and
- o is not purchasing with a view to distribution of the securities being purchased or other securities of the same class as the securities being purchased.

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[14] The relevant guidance would include the following:

- o Section 1.7 [*Underwriters*] and the guidance on backdoor underwriting in section 3.12 [*Listed issuer financing exemption*] of the CP to NI 45-106.
- o Section 2.3 [*Indirect distributions*] and section 2.4 [*Over-allocation*] of the CP to National Instrument 41-101 *General Prospectus Requirements.*
- o The "coming to rest" guidance in the CP guidance to ASC Rule 72-501, OSC Rule 72-503 and FCNB 72-501. In BC, see the guidance in 72-702 *Distribution of Securities to Persons Outside British Columbia* (72-702).

5. The QIP exemption would include a report of exempt distribution (**RED**) filing requirement to allow staff to monitor reliance on the exemption and compliance with the conditions of the exemption.

6. If all of the conditions of the QIP exemption were satisfied, there would be no hold period applicable to the securities purchased by the Qualified Institutional Purchaser.

7. The prospectus exemption would include customary seasoning conditions for the first trade in securities acquired under the exemption (similar to those set out in section 2.6(3) [*Seasoning Period*] of NI 45-102), namely

   a. The trade is not a control distribution.

   b. No unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade.

   c. No extraordinary commission or consideration is paid to a person or company in respect of the trade.

8. In Ontario, any materials used in connection with the distribution would be designated as an offering memorandum and be subject to the statutory rights of action in s. 130.1 of the *Securities Act* (Ontario).

Consultation Questions

C7. Would an exemption such as the QIP exemption benefit capital raising in Canada? Please explain.

C8. Would you agree with a definition of “Qualified Institutional Purchaser” that aligns with the following?

> "**Institutional Permitted Client**" means a "permitted client" as defined in section 1.1 of NI 31-103, except for: (a) an individual, (b) a person or company acting on behalf of a managed account of an individual, (c) a person or company referred to in paragraph (p) of that definition unless that person or company qualifies as a permitted client under another paragraph of that definition, or (d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least $100 million as shown on its most recently prepared financial statements or qualifies as a permitted client under another paragraph of that definition;

C9. We are proposing to limit the proposed QIP exemption to investments by institutional investors because we have heard that institutional investors may be subject to restrictions in the types of investments they may hold under their governing legislation and, as a consequence, may be forced to enter into “swap” transactions to allow them to be able to purchase securities that are not subject to resale restrictions. Are there other types of investors that may be subject to similar restrictions? Would this exemption create an unlevel playing field as between Qualified Institutional Purchasers and other types of investors?

C10. Do you agree with the conditions for determining whether an issuer should be considered a qualified issuer (being essentially similar conditions to those required to file a short form prospectus under NI 44-101 or to use LIFE)?

C11. Should a reporting issuer relying on the QIP exemption be expected to confirm that there is no undisclosed material information such that there is no risk of information asymmetry as between the initial investor and a purchaser on resale from the Qualified Institutional Purchaser?

C12. Should there be restrictions on use of the exemption, for example, where the investor has entered into a short sale agreement or similar agreement involving shares of the same class as the shares being purchased?

C13. Do you agree with the proposed condition that distributions must be made through a registered dealer? Why or why not? Is there an alternative approach to requiring the involvement of a registered dealer? For instance, should we require that the institutional investor provide a certificate to the issuer certifying that the investor is purchasing as principal without a view to distribution?

C14. We have suggested that a RED would be required in connection with distributions under the QIP exemption. Do you agree with this requirement? Why or why not? Are there alternative forms of reporting that we should consider given that the exemption would be limited to sophisticated institutional investors?

C15. Are there other factors or considerations we should consider?

D. Material Change Reporting

Background

A fundamental requirement of Canadian securities legislation is that reporting issuers must immediately disclose any material changes.[15] Specifically, if a material change occurs, the reporting issuer must

a. immediately issue and file a news release authorized by an executive officer disclosing the nature and substance of the change; and

[15] As defined in NI 51-102, "material change" means (a) a change in the business, operations or capital of the reporting issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the reporting issuer; or (b) a decision to implement a change referred to in paragraph (a) made by the board of directors or other persons acting in a similar capacity or by senior management of the reporting issuer who believe that confirmation of the decision by the board of directors or any other persons acting in a similar capacity is probable.

b. as soon as practicable, and in any event within 10 days of the date on which the change occurs, file a Form 51-102F3 *Material Change Report* (**Form 51-102F3** or **material change report**) with respect to the change.

NI 51-102 contains limited exceptions to this requirement including where the disclosure would be unduly detrimental to the interests of the reporting issuer, provided that a confidential material change report is filed.

Form 51-102F3 requires the inclusion of certain information about the material change. The 10-day filing period for Form 51-102F3 was intended to provide issuers with additional time to assemble significant facts to include in the material change report that may not have been in the news release. However, in most cases, issuers satisfy the disclosure requirements by simply attaching the news release announcing the material change to Form 51-102F3.

One exception arises where the Form 51-102F3 relates to a restructuring transaction under which securities are to be changed, issued or distributed. In this case, if the issuer has not sent an information circular to its securityholders or filed a prospectus or a securities exchange takeover bid circular, the Form 51-102F3 must include disclosure for each entity that resulted from the restructuring transaction, if the reporting issuer had an interest in that entity, as required by section 14.2 of Form 51-102F5 *Information Circular*. Additional disclosure may also be required in a material change report for other types of transactions, such as a related party transaction under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions.*

We have heard from some market participants (primarily venture issuers) that the requirement to file a material change report is duplicative and unnecessarily burdensome given that

a. the material change has already been disclosed in a news release by the time the material change report is filed, and

b. in most cases, the material change report simply includes the news release as an attachment.

We also note that a key purpose of a material change report is to signal to the market the occurrence of a material change. However, many smaller issuers file material change reports for *all* news releases, either out of an abundance of caution or for promotional purposes. This practice may dilute the "signaling" purpose behind the material change report requirement.

Material change reports also serve functions elsewhere in the disclosure regime. For example, NI 44-102 allows reporting issuers to satisfy the obligation to amend a base shelf prospectus by filing a material change report, together with the incorporation by reference of that material change report into the base shelf prospectus, if the material change occurs at a time when no securities are being distributed under the base shelf prospectus. Accordingly, any change to the material change reporting requirement will need to consider this provision as well as the mandatory incorporation by reference provisions under the short form prospectus system.

Potential Options

One suggestion we have received is to remove the requirement to file a separate material change report, provided the reporting issuer promptly issues and files a news release that is expressly identified as disclosing a "material change" and contains all information that would have otherwise been required in the Form 51-102F3. This could remove duplication and burden if a material change can be fully disclosed in the news release. However, we also recognize that a material change report is a "core document" pursuant to secondary market liability provisions and is separately categorized on SEDAR+, which may enhance its visibility to investors relative to a typical news release.

At the same time, many issuers, particularly smaller issuers, issue a high volume of news releases, which may make it more difficult for investors to readily identify which news releases disclose a material change without reviewing multiple announcements.

We have also heard that there is broader uncertainty regarding what types of events should be considered material changes. Some market participants have suggested that we should provide more certainty on what events are always required to be disclosed as material changes. In the U.S., for instance, certain events always trigger the filing of a Form 8-K.[16] These include the entry or termination of a material definitive agreement outside the ordinary course of business; bankruptcy or receivership; completion of the acquisition or disposition of assets, other than in the ordinary course of business; changes in control; and the appointment or resignation of certain executive officers.

We could also consider supplementing the existing material change reporting requirements with an obligation to file an alternative streamlined form for certain types of changes. Any changes to the frequency of periodic reporting, including semi-annual reporting, may also have implications for the material change reporting framework (see Section E below).

Consultation Questions

D1. Does the filing of a material change report provide useful and timely information to the market beyond what is typically disclosed in the news release?

D2. Is there a more effective alternative to the current material change reporting framework for disclosing the occurrence of a material change to the market? If so, please describe it.

D3. We continue to think it is important that material changes be immediately disclosed. However, should we consider allowing a reporting issuer to satisfy the material change report requirement by filing a news release on SEDAR+ in the category for a material change report if the news release contains all information otherwise required in Form 51-102F3?

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[16] The Form 8-K or "current report" is a form that publicly traded companies in the U.S. must submit to the SEC to announce the occurrence of any material event.

D4. If we were to remove the requirement to file a material change report but instead require that the news release disclosing the material change be a designated news release containing the same information currently required in a material change report,

a. would this meaningfully reduce burden?

b. would this create challenges for investors and regulators in readily identifying which news constituted a material change?

c. are there any consequences we should consider?

D5. Should we consider designating certain events and changes as material changes for greater certainty, in addition to (and not in place of) the current principles-based definition? If so, what events and changes should automatically be material changes?

D6. Should we consider providing updated guidance (for example, through updates to National Policy 51-201 *Disclosure Standards*) to identify examples of events typically considered to be material changes?

D7. Do you have any other concerns or suggestions regarding the existing requirements to disclose material changes?

E. Developments in the United States

In addition to the initiatives described in Sections A to D above, the CSA is monitoring developments in the U.S. that may inform potential changes to the regulatory framework for reporting issuers.

On May 5, 2026, the SEC published a proposal to permit U.S. domestic reporting companies to file interim reports on a semi-annual basis.[17]

In Canada, in March 2026, the CSA adopted a voluntary semi-annual reporting pilot (the **SAR Pilot**) for eligible smaller venture reporting issuers through CSA Coordinated Blanket Order 51-933 *Exemptions to Permit Semi-Annual Reporting for Certain Venture Issuers* with the objective of reducing regulatory burden and associated costs. The SAR Pilot has been well received by market participants. At the time of introducing the SAR Pilot, the CSA also indicated its intention to consider a broader rule-making initiative relating to semi-annual reporting and to use insights gained from the SAR Pilot to inform this initiative. We note that semi-annual reporting has been widely adopted in international jurisdictions, such as Australia, the United Kingdom, the European Union and Japan.

In prior consultations, stakeholders generally expressed support for the use of semi-annual reporting as a means of reducing regulatory burden, while others have raised concerns about

[17] Securities and Exchange Commission, Release Nos. 33-11414; 34-105368; 39-2563; IC-36140, Semiannual Reporting (May 5, 2026), File No. S7-2026-15.

potential information asymmetry that could weaken investor confidence, transparency, and investors' ability to compare issuers due to differences in reporting frequency. These considerations continue to be relevant in evaluating potential changes in this area.

From time to time, the SEC issues statements and publishes rule making proposals as part of its broader initiative to modernize the public company regulatory framework. For example:

- On January 13, 2026, the SEC's Chairman, Paul S. Atkins, issued a statement[18] announcing the SEC's intention to undertake a comprehensive review of the disclosure requirements applicable to issuers outside of financial statements pursuant to Regulation S-K to focus on eliciting disclosure of material information and avoid compelling the disclosure of immaterial information. Market participants were invited by the SEC to submit comments on this initiative.
- On May 19, 2026, the SEC proposed amendments referred to as Registered Offering Reform, which would significantly expand access to shelf registration, broaden eligibility to use Form S-3 and modernize aspects of the offering process; [19] and
- On May 19, 2026, the SEC proposed amendments relating to public company reporting requirements and filer status, which would simplify the existing filer status framework and extend scaled disclosure accommodations to a broader set of reporting issuers.[20]

These proposals, together with the SEC's semi-annual reporting initiative, reflect a broader reconsideration of the frequency and scope of periodic reporting obligations and the regulatory framework supporting capital formation for public companies. They raise the question of how changes to the fundamental requirements in periodic reporting, capital raising and disclosure in the U.S. should be considered in our broader assessment of the Canadian regulatory framework.

Consultation Questions

E1. Would expanding our current semi-annual reporting framework to all issuers on a voluntary basis be beneficial for Canadian capital markets? Why or why not?

E2. If we expanded our current semi-annual reporting framework to all issuers on a voluntary basis:

a. what would be the potential impacts – both positive and negative – on investor protection, market transparency, cost of compliance and market competitiveness?

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[18] https://www.sec.gov/newsroom/speeches-statements/atkins-statement-reforming-regulation-s-k-011326

[19] Securities and Exchange Commission, Release No. 33-11418, Registered Offering Reform (May 19, 2026).

[20] Securities and Exchange Commission, Release No. 33-11419, Public Company Reporting and Filer Status Reform (May 19, 2026).

b. should any criteria or restrictions apply for issuers that choose to use semi-annual reporting when filing a prospectus? Why or why not?

c. should we consider requiring additional or alternative disclosure or otherwise revise our material change and timely disclosure requirements for issuers that choose to use semi-annual reporting? Why or why not?

E3. Are there any aspects from the statements or proposals made by the SEC that would be beneficial for Canadian capital markets? Please explain and comment on any expected impacts of those proposed amendments on investor protection or any potential competitive disadvantages that could arise if similar approaches are not adopted in Canada.

F. General Feedback

The Consultation Paper focuses on the areas described in Sections A to E above. However, we recognize that stakeholders may wish to comment more generally or raise additional matters based on their experience or perspectives. We also invite feedback on specific areas of securities legislation where stakeholders think the regulatory burden on reporting issuers may be disproportionate to the regulatory objectives sought to be achieved or where disclosure requirements could be improved to increase investor protection.

F1. Which of the proposed changes would have a positive impact on Canadian competitiveness? Would any of the proposed changes have a negative impact on competitiveness or investor protection? Please provide details.

F2. Beyond the matters addressed in Sections A to E, what other changes or initiatives do you think could improve opportunities for capital raising or reduce regulatory burden?

F3. Are there changes to our regime that could enhance investor protection or provide enhanced disclosure to investors, particularly for retail investors?

F4. Are there any aspects from other recent international regulatory developments that could inform our regulatory proposals?

Where relevant, respondents are encouraged to reference approaches adopted in other jurisdictions and to comment on whether, and how, such approaches could be adapted to the Canadian context.

Please be as specific as possible and, where applicable, identify the issue or barrier, the proposed change or initiative, and the expected impact.

Comments and Submissions

We invite participants to provide input on the issues outlined in this public Consultation Paper. The consultation period expires **November 13, 2026**.

Submit your comments here: https://www.securities-administrators.ca/consultations/.By using the link, your comments will be submitted to the following CSA members:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission of New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

If you are submitting your comments through the link above, you are also submitting your comments to:

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We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. Comments received will be posted on the websites of each of the Alberta Securities Commission at www.albertasecurities.com, the Autorité des marchés financiers at www.lautorite.qc.ca and the Ontario Securities Commission at www.osc.ca. You should not include personal information directly in comments as the comments will be published and publicly available. It is important that you state on whose behalf you are making the submission.

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