



**REGULATORY REFORMS**

**What 2025 Changed for  
Canadian Capital Markets**



## Capital Markets & Securities Law: **What issuers and investors need to know**

Recent rule changes and policy initiatives from the Canadian Securities Administrators (the “CSA”), together with changes at the Toronto Stock Exchange (the “TSX”) and the TSX Venture Exchange (the “TSXV”), are reshaping how Canadian issuers raise capital, manage disclosure and navigate emerging risks and technologies. This publication summarizes the key developments of 2025 and outlines considerations for boards, executives and in house counsel as they plan for 2026 and beyond.

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01

## CSA

# 2025–2028 business plan: What should Canadian capital markets expect?

On June 26, 2025, the CSA published its [2025-2028 CSA Business Plan](#) (the “Plan”) setting out its priorities that will guide securities regulation across Canada over the next three years. The Plan focuses on simplifying capital-raising rules, supporting innovation and emerging technologies, and strengthening investor protection. It aims to enhance Canada’s global capital market competitiveness while safeguarding market integrity through the following four strategic goals.

## How will the Plan affect capital-raising in Canadian markets?

To support the capital-raising needs of Canadian companies and establish internationally competitive Canadian capital markets, the Plan introduces a series of initiatives that reduce regulatory complexity.

### Some of these initiatives include:

- eliminating third year financial statement requirements for non-venture issuers;
- facilitating the use of term sheets and marketing materials without requiring the filing of an amended preliminary prospectus;
- proposing rule amendments for the listed issuer financing exemption;
- modernizing standards of disclosure for mineral projects; and
- developing a proposal for semi-annual reporting requirements rather than quarterly for certain reporting issuers.

The Plan also seeks to facilitate the use of cryptocurrency with proposals to review and update the regulatory framework for crypto asset investment funds and to introduce a hybrid regulatory framework for value-referenced crypto assets. The CSA considers these initiatives to be an important step in ensuring the regulatory framework for capital markets keeps pace with market advancements.

## What is the CSA doing to strengthen investor protection and confidence?

The Plan aims to strengthen investor education, protection, and confidence through initiatives that promote fair, resilient, and trustworthy capital markets in Canada.

**For example:** the CSA is developing solutions to combat online fraud targeting Canadian investors and to bolster the detection and prosecution of abusive market activity and misleading promotional content.

The CSA also proposes collaboration with federal law enforcement agencies. Emphasis is made on:

- enhancing the protection of older and vulnerable investors; and
- developing collaborative and strategic investor education programs.
- Additionally, the [CSA aims to strengthen the enforcement powers](#) of the Ombudsman for Banking Services and Investments for investment-related disputes.

## How will the CSA address innovation and emerging technologies?

As emerging technologies reshape capital markets, the CSA aims to ensure that Canada's regulatory framework remains adaptive and responsive to modern market innovations. The Plan introduces a series of initiatives designed to help businesses leverage new technologies while providing guidance and protecting investors. Key priorities include building regulatory capacity for emerging digital business models, investigating the

appropriate regulatory responses to the use of artificial intelligence in capital markets, and implementing a group testing environment for individual firms to test new technologies and innovative business models. In addition, the CSA proposes a review of current data-gathering practices for investment funds to develop a comprehensive data collection framework for publicly and privately offered products.

## What steps is the CSA taking to monitor systemic risk?

The CSA is also prioritizing efforts to strengthen its ability to identify and respond to systemic risks impacting financial markets and the economy. Central to this approach is the use of advanced data analytics to research key market vulnerabilities and support for annual reporting. The Plan also provides for enhanced collaboration with other government agencies to facilitate data sharing and coordinated analysis.

Other priority areas include reviewing the liquidity risk management framework for investment funds, the regulatory frameworks for exchange traded funds and derivative trading facilities, and the sufficiency of cybersecurity risk management requirements.

Collectively, the Plan outlines key organizational objectives, such as regulatory simplification, investor protection, and market integrity and competitiveness. These priorities are expected to drive significant regulatory developments in Canadian capital markets over the next three years.

## Introduction of permanent WKSJ regime streamlines capital raising for Canada's largest issuers

### How is capital raising in Canada changed by the new permanent WKSJ regime?

On November 28, 2025, the CSA finalized long-awaited amendments to National Instrument 44-102 - Shelf Distributions ("NI 44-102") and related companion policies (together with NI 44-102, the "WKSJ Amendments") establishing a [permanent expedited shelf-prospectus](#) regime for Well-Known Seasoned Issuers ("WKSJ"). The new framework replaces the temporary blanket orders introduced in 2021 (the "WKSJ Blanket Orders"), which served as a pilot program allowing large, established issuers to file base shelf prospectuses without prior regulatory review, and is intended to further streamline capital raising for issuers with strong disclosure track records.

### How closely does the Canadian WKSJ regime track U.S. practice?

By preserving an expedited filing model for seasoned issuers and reducing duplicative regulatory steps, the WKSJ Amendments remove unnecessary hurdles for Canadian public companies that access the capital markets frequently. The changes also better align Canada's capital-raising framework with U.S. WKSJ practices, thereby facilitating smoother cross-border financings and more efficient access to both Canadian and U.S. investors.

## What features of the temporary WKSI pilot remain unchanged?

The permanent regime preserves the core features of the WKSI Blanket Orders. A WKSI may file a final base shelf prospectus without first filing a preliminary prospectus or undergoing regulatory review. WKSIs may also continue to omit certain information from their base shelf prospectus, including the total dollar amount, number of securities to be offered, the plan of distribution, a detailed description of the securities, and selling securityholder details, provided these are disclosed in a subsequent shelf supplement. The eligibility thresholds remain the same, requiring either at least \$500 million in public equity or \$1 billion in public debt outstanding.

## What are the key new elements in the permanent WKSI framework?

**While the foundational elements of the expedited process remain, the WKSI Amendments introduce several important refinements:**

- A receipt is now automatically deemed issued upon filing, rather than being issued by the principal regulator (as under the WKSI Blanket Orders).
- The validity period of a WKSI base shelf prospectus has been extended from 25 to 37 months, reducing renewal frequency and associated costs.
- Issuers must still have been a reporting issuer for at least 12 months, but eligibility has been broadened to include successor issuers, credit support issuers, and issuers of asset-backed securities.

**Additionally, new compliance safeguards have been added:**

- Issuers are ineligible if, in the past three years, a securities regulator has refused to issue a receipt for a prospectus, or if they have been subject to certain enforcement proceedings or convictions for market-related offences.
- WKSIs must also confirm their eligibility annually in their annual information form or through an amendment to their base shelf prospectus.





03

**CSA**

## **proposes harmonized self-certified investor prospectus exemption**

### **What is the proposed self certified investor exemption?**

On September 25, 2025, the CSA launched a [consultation](#) on Proposed Multilateral Instrument 45-111 - *Self-Certified Investor Prospectus Exemption* ("MI 45-111"). The exemption provides for distributions to purchasers who can certify their financial and investment education and experience but may not meet the accredited investor criteria.

### **Why is the CSA proposing a harmonized regime?**

Building on successful pilot programs in Alberta, Saskatchewan, Manitoba, and Ontario, the CSA aims to create a single exemption across 11 jurisdictions, harmonizing similar provincial exemptions and broadening access to Canada's exempt market. The objective is simple: to strike an appropriate balance between investor protection and flexibility for businesses raising early-stage capital.

## Who can qualify as a self-certified investor and on what terms?

Investors must certify that they meet at least one of the qualifying criteria of MI 45-111 and acknowledge investment risks. Criteria include:

- professional designations (e.g., Chartered Financial Analyst, Chartered Professional Accountant, Chartered Investment Manager, Chartered Business Valuator, etc.);
- advanced finance degrees;
- relevant industry experience; or
- securities exams, or operational experience in venture capital or private equity.

Each investor may invest up to \$50,000 annually across multiple issuers. The proposal requires completion of Form 45-111F2 - Acknowledgement of Risks and permits investments through special purpose vehicles, provided all owners are accredited or self-certified investors. Issuers must file a report of exempt distribution within 30 days of closing.

## What changes are expected if MI 45-111 is adopted?

If adopted, the instrument will replace existing local orders and amend National Instrument 45-106 - *Prospectus Exemptions* to include self-certified investors under the private issuer exemption. Issuers will gain a cost-effective alternative to the offering memorandum exemption, while investors access new opportunities aligned with their expertise. Further, intermediaries may see increased deal flow but will need to adjust compliance processes.

The CSA accepted comments on the proposal until January 5, 2026. The key issue is whether the \$50,000 investment limit, qualifying criteria, and risk disclosure requirements strike the right balance between access and protection. In the interim, the Ontario Securities Commission has implemented [Ontario Instrument 45-510](#) - *Self-Certified Investor Prospectus Exemption (Interim Class Order)*, superseding Ontario's previous instrument serving the same purposes and containing the same exemptions as the proposed MI 45-111.



04

## CSA

# implements phase 2 of the Public Crypto Asset Funds Project through amendments to NI 81-102

### What did the CSA change in NI 81 102 for crypto asset funds?

On April 17, 2025, the CSA introduced [amendments](#) to National Instrument 81-102 - Investment Funds and its companion policy (“NI 81-102CP”) to create a formal regulatory framework for reporting issuer investment funds seeking to invest directly or indirectly in crypto assets.

These changes were the result of multiple rounds of comments and responses with stakeholders and represented the completion of phase 2 of the CSA’s Public Crypto Asset Funds Project. These amendments were enacted to clarify existing practices regarding the management of crypto assets by fund managers and strengthen investor protection as the Canadian digital asset market continues to develop.

### The amendments include:

- Fund managers are only permitted to invest in crypto assets that meet the CSA standards for liquidity, valuation reliability, and custody security. Key changes include that only alternative mutual funds and non-redeemable investment funds may invest in crypto assets. Traditional mutual funds are still prohibited from holding crypto assets directly but may gain exposure by investing in permitted alternative mutual funds and non-redeemable investment funds or through derivatives where the underlying interest is a crypto asset. This reflects the cautious approach of the CSA regarding retail investor exposure.
- The amendments also impose enhanced requirements on custodians or sub-custodians that hold crypto assets on behalf of investment funds, requiring implementation of secure storage solutions and robust oversight. For example, custodians must hold crypto assets on an offline private cryptographic key or a “cold wallet,” except when required for a transaction. Further, custodians must obtain a public accountant’s report assessing the fund’s internal management and control to be delivered to the fund.
- Finally, NI 81-102CP was amended to provide guidance for the meaning of a crypto asset to “include any digital representation of value that uses cryptography and distributed ledger technology, or a combination of similar technology, to record transactions.”<sup>1</sup>



## Proposed overhaul of NI 43-101 mining disclosure

### What is the CSA proposing for NI 43 101?

On June 12, 2025, the CSA published the [Notice and Request for Comment](#) – Proposed Repeal and Replacement of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (the “NI 43-101 Notice”). The NI 43-101 Notice outlines the CSA’s proposed Form 43-101F1 *Technical Report* (“Form 43-101F1”), proposed NI 43-101 *Standards of Disclosure for Mineral Projects* (“NI 43-101”), and proposed companion policy to NI 43-101 (“43-101CP,” and together with Form 43-101F1 and NI 43-101, the “Modernized Disclosure Requirements”).<sup>2</sup> The Modernized Disclosure Requirements would replace the corresponding current instrument, form and policy.

### How are key terms and definitions changing?

The Modernized Disclosure Requirements clarify definitions such as “Mineral Projects,” “Early-Stage and Advanced Properties” and “Qualified Persons.” These changes aim to streamline terminologies to encapsulate all types of mineral projects and properties.

**For example:** interchangeable terms for mineral properties are replaced with a single term “mineral project” and references to diamonds, base metals, precious metals, and industrial metal in the current definition of “mineral project” are removed. Additionally, the definitions “early-stage exploration property” and “advanced property” are removed to make Form 43-101F1 suitable for all mineral project stages.

The “Qualified Person” definition is updated by the Modernized Disclosure Requirements to remove the education requirement as it is covered by professional licensing criteria, to clarify that an individual’s experience in the minerals industry must be gained after registration as a professional geologist or engineer, and to clarify the meaning of experience relevant to the subject matter of the mineral project.

## How will disclosure be standardized and aligned with industry practice?

To align with current industry practice, all disclosures of scientific or technical information for both material and non-material projects must continue to be based on information prepared or approved by a Qualified Person. The Modernized Disclosure Requirements remove the use of defined foreign codes, promoting harmonization and flexibility for issuers. Further, the CSA adopts definitions and disclosure aligning with standards of the Canadian Institute of Mining, Metallurgy, and Petroleum to better reflect industry practice and consistency.

## What new or enhanced disclosure requirements are being introduced?

The Modernized Disclosure Requirements introduce the following amendments or reinforcements:

- **Royalty issuer technical reports:** Royalty-only issuers are no longer required to file a technical report.
- **Environmental and social issues:** Technical reports must include dates and sources of environmental, permitting, and social reporting disclosure.
- **Indigenous peoples, rightsholders and communities:** Technical reports require disclosure relating to permits, agreements, and negotiations with Indigenous peoples, rightsholders or communities concerning a mineral project.
- **Current personal inspection requirements:** Enhancing current requirements, there is a new standalone item in Form 43-101F1 for disclosure relating to the current personal inspection by each Qualified Person. Additionally, it is no longer permitted to defer a current personal inspection requirement for seasonal weather conditions and at least one Qualified Person must conduct a current personal inspection on the mineral project before a technical report is filed.
- **Mineral resource disclosure:** The Modernized Disclosure Requirements require: (i) information about how reasonable prospects for eventual economic extraction were determined; (ii) enhanced disclosure about the classification of mineral resource estimates; (iii) the issuers attributable percentage of resources for fractional ownership; and (iv) project-specific risk disclosure requirements for mineral resource estimates.
- **Adjacent properties:** Issuers may not focus solely on neighboring mineralizations in their disclosure and instead must include cautionary statements that this information is not necessarily indicative of mineralization on the issuer's mineral property.
- **Data verification:** The Modernized Disclosure Requirements require specific disclosure about the data verification performed by a Qualified Person for each item of the technical report.
- **Disclaimers:** An issuer's disclosure (including a technical report) cannot include any disclaimer of scientific or technical information.
- **Written disclosure and material mineral projects:** To align with current industry practice and to promote consistent disclosure for investors, written disclosure requirements apply to material and non-material projects.
- **Relevant scientific and technical information:** The Modernized Disclosure Requirements replace "material scientific and technical information" with "relevant scientific and technical information" related to the content of a technical report, clarifying that a Qualified Person is not expected to determine materiality but is expected to determine what information is relevant to the mineral project.

The Modernized Disclosure Requirements introduced by the CSA advance transparency and uniformity for Mining Issuers by clarifying disclosure requirements and ensuring that standards are consistently upheld, both within Canada and internationally.

## CSA to test semi-annual reporting for venture issuers

### What is the CSA's proposed semi annual reporting pilot for venture issuers?

On October 23, 2025, the CSA [requested comments](#) on the proposed Coordinated Blanket Order 51-933 - *Exemptions to Permit Semi-Annual Reporting for Certain Venture Issuers* ("Blanket CSA to test semi-annual reporting for venture issuers Order 51-933").

If approved, Blanket Order 51-933 would allow certain venture issuers to opt-out of quarterly reporting requirements and instead report semi-annually. Currently, all reporting issuers must file interim financial statements and the accompanying management's discussion and analysis on a quarterly basis, which has been argued to be disproportionately burdensome on early-stage companies due to their size and lack of availability in resources. This multi-year semi-annual reporting pilot (the "SAR Pilot"), responds to feedback from CSA consultations in 2011, 2017, and 2021, where cost reduction consistently emerged as a prime pain point. This proposal reflects the CSA's ongoing efforts to reduce red tape for early-stage businesses.



## Which issuers could qualify for the SAR Pilot?

The eligibility criteria for the SAR Pilot are strict and narrow. At a high-level, issuers must:

- i.** have been a reporting issuer in at least one Canadian jurisdiction for at least 12 months;
- ii.** have an annual revenue of no more than \$10 million;
- iii.** qualify as a Venture Issuer<sup>3</sup> and have securities listed on the TSX Venture Exchange or the CNSX Markets Inc.; and
- iv.** be fully compliant with all periodic disclosure requirements and free from sanctions in the preceding 12 months.

To formally participate in the SAR Pilot, the issuer must file a news release announcing its adoption of semi-annual reporting.

## How would the exemptions work in practice and what are their limits?

Issuers relying on Blanket Order 51-933 would be exempt from filing financial statements, management's discussion and analysis, and related certifications, but must continue to file semi-annual and annual reports.

However, the exemptions do not apply to disclosure required in prospectuses, circulars, take-over bid materials, or short-form prospectus offerings. Therefore, the applicable quarterly disclosure must still be filed with such materials. If an issuer files a shelf prospectus or amends its financial year-end, the issuer can no longer rely on the exemption. When an issuer ceases to rely on Blanket Order 51-933, it must issue a news release announcing the cessation and resume quarterly reporting.

The CSA's comment period on the proposal closed on December 22, 2025. The SAR Pilot represents a measured step towards modernizing the continuous disclosure systems while prioritizing flexibility to address the concerns of early-stage issuers.

## CSA

# proposes new regime for the resolution of investment-related disputes

### What new dispute resolution framework is the CSA proposing?

On July 15, 2025, the CSA released further details on its proposed framework for an independent dispute resolution service, aimed at streamlining and modernizing the resolution of investor-dealer disputes.<sup>4</sup> The framework builds on the CSA's proposed dispute resolution regime announced in November 2023, which would grant binding authority to the Ombudsman for Banking Services and Investments ("OBSI") to oversee investment-related complaints.<sup>5</sup> The new framework aims to provide a fair and accessible dispute resolution alternative to litigation.

### How does the current OBSI model work and what are its limitations?

Under Part 13, Division 5 of National Instrument 31-103 - Registration Requirements, Exemptions and Ongoing Registrant Obligations ("NI 31-103"), registered firms must maintain complaint-handling processes and, in specified circumstances, make an independent dispute resolution or mediation services available to retail clients with respect to a complaint.<sup>6</sup> Under NI 31-103, a registered firm must take reasonable steps to ensure that OBSI will be the dispute resolution service made available. If unable to successfully facilitate a settlement, OBSI may recommend monetary compensation to the client of up to \$350,000. However, this recommendation is non-binding and OBSI has no enforcement powers to ensure payment of compensation. OBSI's lack of enforcement power has lowered investor confidence in the existing dispute resolution process.

## How would the proposed two stage dispute resolution process work?

The CSA is proposing a two stage process:

### **STAGE 1: INVESTIGATION AND RECOMMENDATION**

When a client has a complaint not resolved through a registered firm's internal complaint handling processes, the client can notify OBSI to initiate an investigation. OBSI would gather and consider relevant information and produce an impartial and fair recommendation that aims to address the power imbalances between the parties. Within a specified acceptance period, if neither party objects or if the client accepted the recommendation and the firm did not object, the recommendation would become binding and final.

### **STAGE 2: OPTIONAL REVIEW AND DECISION**

If either or both the client and the firm objects to the recommendation, the second phase of the resolution process would be initiated. If the case involves compensation over \$75,000, OBSI would be required to appoint an external decision maker or panel of external decision makers approved by the CSA to review the decision. If the case involves compensation less than \$75,000, OBSI would be granted the authority to choose a senior internal decision-maker, an external decision-maker, or a panel of both internal and external reviewers.

After an investigation is undertaken through either approach, a senior OBSI decision-maker would issue a decision. The decision would become immediately final and binding on the parties if the client complainant initiated the review under this stage 2 and did not reject the decision or withdraw from the process. If the client complainant did not initiate the stage 2 review, they would be given a period of time to accept or reject the decision. If accepted, the decision would also become final and binding. If rejected, the decision would not be made final or binding. However, the OBSI process would conclude, and other remedies would have to be considered.

If a firm fails to comply with a decision under either stage, the decision may be filed with the courts as a court order.

### **What is the regulatory oversight of the OBSI?**

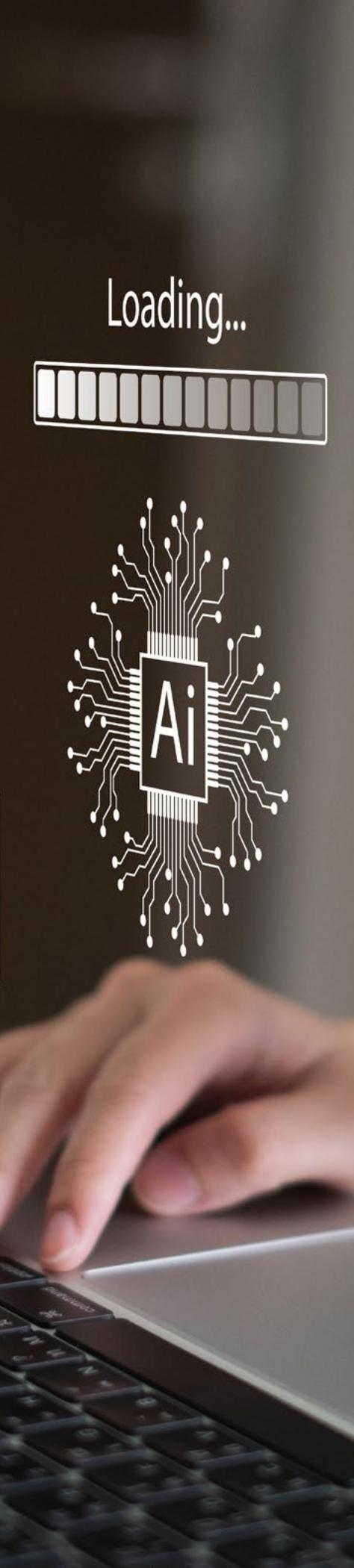
In seeking public comments on the proposal, the CSA focused on whether the oversight regime achieves an appropriate balance between ensuring OBSI's accountability and preserving its decision-making independence. Given the enhanced decision-making authority proposed for OBSI, the CSA refined its oversight framework to include CSA oversight of OBSI's key governing documents, corporate governance standards, reporting requirements, and periodic examinations by the CSA and third-party evaluations every three years.

### **What oversight and implementation measures are contemplated?**

The CSA's comment period on the proposal closed on September 15, 2025. Implementation of the dispute resolution framework would require enabling legislation in each participating jurisdiction. While it remains to be seen whether the framework will be adopted, the initiative represents a positive step towards improving investor confidence in the fairness and transparency of investor-related disputes in Canada.

**CSA****consultation on artificial intelligence in capital markets****What is the CSA consultation addressing regarding AI in capital markets?**

On December 5, 2024, the CSA launched the landmark [Staff Notice and Consultation 11-348 - Applicability of Canadian Securities Laws and the use of Artificial Intelligence Systems in Capital Markets](#) (“Notice 11-348”), which provided guidance on the interpretation of existing securities legislation with respect to the use of artificial intelligence (“AI”) systems by market participants and sought comments from the industry in order to develop an appropriate regulatory framework for future deployments of AI in Canadian capital markets. The consultation period ended on March 31, 2025, and the industry comments are currently under review.



In Notice 11-348, the CSA emphasized several overarching themes relating to the use of AI systems and gave insight into key considerations on their interpretation of governance frameworks. These themes include, but are not limited to, the following:

- **Technology and securities regulation**

The CSA stated that Canadian securities regulation is technology neutral, as the obligations created thereunder apply to the activities of companies and are not specific to the tools being used to execute them. However, the CSA also acknowledged the unique risks presented by AI – including model opacity, data bias and automation errors, and how the conventional compliance frameworks may be tested by these novel risks.

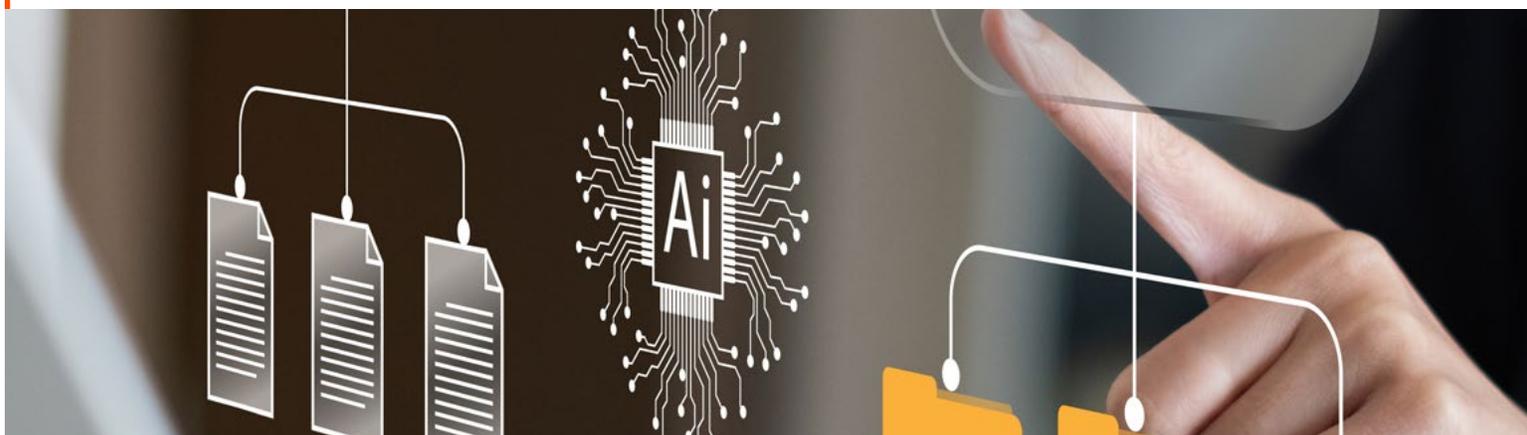
- **Explainability**

The CSA expects market participants, to the extent feasible, to be able to explain the processes and reasoning of their AI systems in order to ensure accountability, supervise outputs, and meet securities law obligations to their fullest extent. AI systems with less explainability, also known as “black boxes,” should be avoided due to their lack of transparency and auditability.

- **Disclosure**

The CSA highlighted the importance of accuracy and specificity of disclosures to investors and clients, especially where platforms using AI may require details with respect to risks and operational outputs. The CSA also raised concern with preventing “AI-washing” – a term used for the use of exaggerated, misleading, or inaccurate claims of AI to imply a competitive advantage based on the use of AI systems.

Overall, this initiative by the CSA reflects a principle-driven approach to regulating the use of AI systems within Canadian capital markets, and an effort to balance innovation with responsible oversight.



## OSC

# reviews compliance of Ontario crypto trading platforms

### What is the OSC reviewing and why does it matter for crypto platforms?

On December 10, 2024, the Ontario Securities Commission (the “OSC”) published [OSC Staff Notice 33-757](#) - Review of Restricted Dealer Crypto Asset Trading Platforms’ Compliance with the Account Appropriateness, Investment Limits and Client Limits Requirements (“Notice 33-757”). Notice 33-757 summarizes findings from a compliance review by the OSC of six Ontario-based crypto asset trading platforms (“CTPs”) that were registered as restricted dealers and operated under exemptive relief from certain dealer registration requirements. Notice 33-757 also provides further guidance, including best practice suggestions, on the expectations of the OSC with respect to the application of Ontario securities law to CTP regulation.

# What was the focus and scope of the OSC's review?

The OSC conducted the review to assess whether CTPs were complying with the terms and conditions of their exemptive relief privileges. Most notably, the review focused on three key areas:

1. **Account appropriateness assessments**, which are evaluations of clients by CTPs to determine whether it would be appropriate to permit them to trade crypto assets on their platforms;
2. **Investment limits**, which restrict the amount of crypto assets, other than certain specified assets, that clients of a CTP may purchase on the platform within a 12-month period; and
3. **Client limits**, which establish client-specific loss thresholds to mitigate the risk of significant realized or unrealized losses.

## 1. Account appropriateness assessments

The OSC found that some CTPs used a mechanical “tick-box” approach or failed to update client information on an annual basis, resulting in outdated or incomplete assessments. Notice 33-757 emphasizes that CTPs must conduct meaningful, individualized evaluations that consider each client’s knowledge, financial circumstances, and risk tolerance, through the establishment of policies and procedures to collect, review, and document client information and changes thereto.

## 2. Investment limits

The OSC reported no instances of non-compliance with investment-limit obligations during the review, indicating general adherence among CTPs.

## 3. Client limits

The OSC found that some CTPs set arbitrary or generic limits, rather than tailoring limits to the unique circumstances of each client and did not take adequate action when those limits were reached. Notice 33-757 notes that the proper procedure for CTPs is to base client limits on all relevant client factors, monitor limits in real time, issue clear warnings as clients approach the thresholds, and take proportionate action when necessary to protect clients from excessive risk.

## Key takeaways for crypto platforms

The OSC's notice of its review and findings reflect its ongoing focus on investor protection and the need for consistent, well-documented compliance practices among registered CTPs. As the regulatory landscape for digital assets continues to evolve, CTPs must remain proactive in reviewing and updating their procedures to ensure alignment with the current regulatory framework and the expectations set out in Notice 33-757.

Proactive engagement with evolving guidance and ongoing compliance reviews will be critical for platforms seeking to operate with confidence and integrity within Canada's increasingly regulated crypto marketplace.

## BCSC targets unregistered crypto derivatives

### What action did the BCSC take against Cryptomus and why?

On May 20, 2025, the British Columbia Securities Commission (“BCSC”) issued a temporary order (the “**Cryptomus Order**”) against Vancouver-based Xeltox Enterprises Ltd., operating as Cryptomus (“Cryptomus”), for allegedly violating registration requirements under the [Securities Act](#) (British Columbia) and functioning as an unrecognized exchange.<sup>7</sup>

## What did the temporary order prohibit?

Citing evidence suggesting that Cryptomus may have been carrying on as an exchange that was not recognized by the BCSC, Cryptomus was prohibited under the temporary order from trading or purchasing securities or derivatives, relying on any exemptions under the *Securities Act* (British Columbia), and engaging in promotional activities. These restrictions remained in effect until June 4, 2025.

## How does this order fit within the broader Canadian approach to crypto platforms?

Canadian securities [regulators require](#) crypto asset trading platforms that facilitate Canadians' buying and selling of crypto assets to register with provincial or territorial securities regulators and to comply with conditions designed to protect investors. Registration ensures platforms meet standards for custody, risk disclosure, and operational integrity. A list of authorized platforms is maintained by the CSA.

## What are the key lessons for firms offering crypto related products?

The Cryptomus Order emphasizes the growing regulatory scrutiny on crypto asset trading platforms and investor protection in the evolving digital asset space by Canadian securities regulators. Firms offering crypto-related products should consult with legal counsel about whether their activities constitute securities or derivatives trading and seek appropriate registration, if applicable.



## **Bill 24** **and CIRO's expanded** **enforcement powers**

### **How did Bill 24 change CIRO's** **enforcement toolkit?**

On July 5, 2025, with the passing of [Bill 24](#), An Act to implement Budget measures and to enact and amend various statutes ("Bill 24"), the Canadian Investment Regulatory Organization's ("CIRO") statutory enforcement powers were significantly expanded through amendments to Ontario's [Securities Act](#) and [Commodity Futures Act](#). Prior to the enactment of Bill 24, CIRO exercised its authority as a self-regulatory organization through contractual arrangements rather than statutory provisions.

## The key areas of amendment include:

- **Changes to CIRO's investigative authority in enforcement investigations**

As a result of the amendments, CIRO's Chief Executive Officer ("CEO") can appoint investigators with powers equivalent to those of the Superior Court of Justice in civil trials, enabling them to compel testimony under oath and require the production of documents.

- **Statutory immunity**

The amendments grant statutory immunity to current and former CIRO directors, officers and employees for good faith actions taken within their mandate.

- **New rules governing the disclosure of investigation details to other law enforcement agencies**

Specifically, under Ontario's *Commodity Futures Act*, CIRO's CEO is now able to issue orders prohibiting the disclosure of certain investigation details, including evidence produced by an investigation, subject to a review of the order by a hearing panel or the Capital Markets Tribunal. As well, Ontario's *Commodity Futures Act* and *Securities Act* both stipulate that evidence obtained during investigations shall not be disclosed to the police without the written consent of the source providing said evidence.

- **Higher administrative penalties and fines**

The amendments increase maximum administrative penalties for non-compliance with commodity futures and securities legislation from \$1 million to \$5 million and increase maximum fines for quasi-criminal offences from \$5 million to \$10 million.

## What related CIRO rule changes are proposed, and what is the overall impact?

Separately, on January 9, 2025, CIRO [proposed amendments](#) to mandatory close-out requirements through changes to the Universal Market Integrity Rules and Investment Dealer Partially Consolidated Rules. The proposed changes include requiring dealers, who have sold shares in a listed security but have not yet delivered them, to close their "fail-to-deliver" positions within a prescribed timeline, as well as imposing restrictions on future short sales for dealers who fail to close out their positions.

The Bill 24 amendments to legislation governing commodity futures and securities law, combined with the proposed changes to short-selling rules, create a new enforcement landscape in which CIRO will play an increasingly important role. Market participants should prepare for enhanced compliance and disclosure obligations, as well as significant consequences for non-compliance.

## CIRO

# publishes annual Compliance Report for dealers in 2025

### What is CIRO's 2025 Compliance Report and why does it matter?

On January 31, 2025, CIRO published its annual [Compliance Report](#) for 2025 - *Helping Dealers with Compliance* (the "Compliance Report"). The Compliance Report demonstrates the current issues and challenges that CIRO-regulated dealers should understand in order to improve investor protection and foster strong market integrity. The Compliance Report highlights the key areas dealers must prioritize, including risk management, trading compliance, client-focused conduct, and registration and proficiency requirements.

## • Dealer operations and risk management

CIRO provided guidance on ongoing business risks for dealers to consider in 2025. Notably, key inclusions included harmonizations across Canada and US for trade settlement cycles, guidance notes on cybersecurity risk assessments for third-party service providers and personnel for dealers, and credit risk management best practices and policies.

## • Trading

CIRO highlighted the importance of ongoing requirements for investment dealers and the corresponding policies and procedures that are required to be properly applied in connection therewith. In particular, CIRO emphasized the importance of client identifiers on applicable client orders for listed securities, the expectation to settle short sales within a reasonable timeframe (and the obligation to report to CIRO if the timeframe is not met), and management of automated order systems through review of internal parameters and intervention or override to prevent interference with fair and orderly markets.

## • Conduct and supervision

Following a compliance sweep by CIRO's business conduct compliance team, CIRO announced key areas that were insufficiently detailed in the policies and procedures of investment dealers. These included inconsistent assessments of risk capacity and profiles of clients, product due diligence that was not tailored to complexity, and failure to identify the process of identifying alternatives when recommending products.

CIRO also conducted its Derivatives Rule Modernization Project to update its rules in light of National Instruments 93-101 - *Derivatives: Business Conduct* and 93-102 - *Derivatives: Registration*, and stated that it will prioritize monitoring how investment dealers apply these changes.

## • Registration and proficiency

CIRO provided further updates to the registration system, including the 2023 and 2024 announcements by the OSC, CSA, and Autorité des marchés financiers on their plans to delegate certain registration functions and powers to CIRO and to support a harmonized approach to registration. CIRO also provided clarification on the proficiency requirements of supervisors and portfolio managers, and general continuing education requirements.





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## **Significant investments in energy, AI and mining**

### **How did 2025 reshape Canada's energy and technology investment landscape?**

2025 has been a year of substantial growth and innovation in Canada, highlighted by an increased focus on clean energy, critical minerals and technological innovation. This reflects both government support and private capital interest in these sectors.

## What recent investments are driving Canada's clean energy transition?

In the energy sector, the Federal Government has committed over \$11 million towards carbon capture, utilization, and storage projects in Quebec and Newfoundland and Labrador, by supporting early-stage companies such as CarbonRun and Skyrenu Technologies. On the other hand, Active Impact Investments, a private Vancouver-based investor, has raised \$110 million in support of early-stage climate-technology companies.

## How is capital flowing into Canadian AI innovation?

On the AI front, Vancouver and Toronto-based start-up, Merchkit, secured \$2 million in pre-seed funding in 2025 to develop an artificial intelligence powered platform for developing automating retail merchandising and catalogue management.<sup>8</sup>

Additionally, the Government of Canada continues to support early-stage ventures through grant programs in partnership with the Government of Australia, collectively raising over \$190 million for AI and clean technology initiatives.

In September 2025, the Government of Canada announced approximately \$28 million in investments under the "AI Pathways: Energizing Canada's Low Carbon Workforce" initiative and the "Canadian Sovereign AI Compute Strategy," funds designed to enhance the skills of energy sector workers for clean energy deployment and expand AI research and infrastructure nationwide.<sup>9</sup>

These investments demonstrate Canada's strategic focus on technology, clean energy, and advanced manufacturing, reinforcing its position as a global leader in innovation while supporting sustainable economic growth.<sup>10</sup>



**CSA****proposes amendments  
to the regulatory  
framework for exchange-  
traded funds (“ETFs”)****Why is the CSA reconsidering  
ETF regulation?**

On June 19, 2025, the CSA released a [consultation paper](#) on potential amendments to the regulatory framework for ETFs (the “**Consultation Paper**”). The Consultation Paper notes that ETFs have grown exponentially since their introduction in Canada in 1990, with \$518 billion in assets under management as of December 31, 2024. Currently, ETFs are regulated under a framework similar to conventional mutual funds whereby they are subject to the same investment restrictions such as portfolio diversification requirements and limits on illiquid assets.



Given the unique features of ETFs that distinguish them from conventional mutual funds, such as their unit creation and redemption mechanism, the CSA has recognized that the existing regulatory framework may need to be updated to be tailored to their distinct structural elements.

## **What changes are proposed for ETF creation and redemption processes?**

In the Consultation Paper, the CSA has proposed the following amended requirements for ETFs:

### **New policies and procedures for ETF creations and redemptions**

The proposed policies aim to enhance ETF managerial oversight and compliance. Key changes include specifying clear policies and procedures regarding cash or in-kind transactions, fees, and the selection process for the creation of baskets of securities. Collectively, these changes would ensure greater oversight, mitigate potential conflicts of interest, and foster competition amongst authorized participants.

- **Secondary market trading and website disclosure**

The CSA proposed additional requirements on website disclosure of key trading metrics, including daily net asset value, closing price, premiums and discounts, and bid-ask spreads, among other financial information. These changes create better investor understanding, enhance transparency, and provide comparative metrics across ETFs.

- **Authorized participant (“AP”) arrangements**

In order to increase transparency, the CSA proposed that ETFs must enter into, and publicly disclose with any prospectus filings, written agreements with APs it authorizes to redeem ETF securities. The CSA also suggested changes to improve competition amongst APs, including requirements that ETF managers provide information to APs equally, and that each ETF have multiple APs.

- **Disclosure of portfolio information for arbitrage**

The CSA’s review indicated generally that public disclosure of valuation information was unnecessary. However, in order to improve investor protections, the CSA proposed requiring policies and procedures governing disclosure of portfolio information, including clarifying whether the ETF provides current daily portfolio holdings to the public.

Cumulatively, the CSA’s proposed amendments aim to strengthen the existing regulatory framework for ETFs and improve investor protection, promote investor confidence in ETFs, and foster competition. The comment period closed on October 17, 2025.

## CSA

# expands the listed issuer financing exemption

### What is Coordinated Blanket Order 45 935?

On May 14, 2025, the Canadian Securities Administrators (“CSA”) announced [Coordinated Blanket Order 45-935 - Exemptions from Certain Conditions of the Listed Issuer Financing Exemption](#) (the “Blanket Order”) to support the ability of issuers to raise capital through the listed issuer financing exemption under Part 5A of National Instrument 45-106 - Prospectus Exemptions (the “LIFE Exemption”) and increase the competitiveness of Canadian capital markets.

The Blanket Order came into effect on May 15, 2025, and applies to each jurisdiction under the CSA, although certain jurisdictions have set an expiry date for the Blanket Order, subject to extension or renewal of the Blanket Order by the respective provincial securities commission.

### How did the Blanket Order change the LIFE Exemption limits and dilution tests?

Issuers relying on the Blanket Order must continue to meet the core conditions of the LIFE Exemption, but key quantitative limits have been expanded – described in greater detail below.

A comparative chart of the applicable changes to the LIFE Exemption resulting from the Blanket Order are set out as follows:

	PRE-BLANKET ORDER	POST-BLANKET ORDER
<b>Maximum offering amount under the LIFE Exemption</b>	The greater of 1. \$5,000,000 and 2. 10% of the issuer's market value, to a maximum of \$10,000,000 in a 12-month period.	The greater of 1. \$25,000,000 and 2. 20% of the issuer's market value, to a maximum of \$50,000,000 in a 12-month period.
<b>Dilution calculations (timing)</b>	The distribution of securities cannot result in an increase of more than 50% of the issuer's outstanding listed equity securities during a 12-month period (the "Dilution Requirement").	The distribution of securities cannot result in an increase of more than 50% of the issuer's outstanding listed equity securities during a 12-month period. The 12-month period is calculated as of the date of the news release announcing the offering (if the issuer has not closed an offering under the LIFE Exemption in the prior 12-month period), or the date of the news release announcing the first prior offering made pursuant to the LIFE Exemption under this 12-month period.
<b>Dilution calculations (warrants)</b>	All warrants forming part of the offering under the LIFE Exemption are converted when determining the Dilution Requirement.	Only warrants convertible into equity securities of the listed issuer within 60 days of closing of the offering under the LIFE Exemption are converted when determining the Dilution Requirement.
<b>Restrictions on investors</b>	n/a	The distribution may not: 1. Result in a new control person, or 2. Allow a person or company to acquire securities that would entitle them to elect a majority of the board of directors of the issuer.
<b>Required disclosure</b>	n/a	The issuer must include specific disclosure, as provided under the Blanket Order, in its Form 45-106F19 - Listed Issuer Financing Document.
<b>Notes:</b>	(1) Only applicable if relying on the Blanket Order	

## What is the broader impact on Canadian capital raising?

These changes to the LIFE Exemption stem from both the positive response from market participants with respect to the initial introduction of the LIFE Exemption in November 2022, under which over \$1,000,000,000 has been raised, and the feedback on its restrictive applicability given its initial capital raising limits.<sup>11</sup> The greater flexibility provided by the Blanket Order indicates the CSA's continued efforts to promote capital-raising endeavors for Canadian issuers and reinvigorate Canadian capital markets.

**CSA****pauses climate and diversity disclosure initiatives****Why did the CSA pause its climate- and diversity-related disclosure projects?**

2025 has been a year marked by evolving global market dynamics, shaped by ongoing discussions between the United States and Canada regarding tariff and trade policies. On April 23, 2025, the CSA [announced](#) it would pause the development of previously announced mandatory climate-related disclosure rules, as well as proposed amendments to diversity-related disclosure requirements. This was in response to the U.S. Securities and Exchange Commission's decision to end its defence in connection with a litigation claim challenging its climate-related disclosure rules.

## What competitiveness measures did the CSA introduce alongside the pause?

To support the competitiveness of Canadian public markets, the CSA concurrently announced [several initiatives](#) aimed at reducing regulatory burdens. These measures include a multi-faceted prospectus and disclosure blanket order, providing greater flexibility for current reporting issuers as well as those choosing to pursue an initial public offering (“IPO”) in Canada.

Additionally, a second blanket order was issued to provide a prospectus exemption for companies planning to go public or those that have recently gone public through an underwritten IPO, thereby increasing their investment limits and, in turn, their ability to raise capital.

## What climate and diversity disclosure obligations still apply to issuers?

The pause does not relieve reporting issuers of existing obligations under Canadian securities law. Issuers must continue to disclose material climate-related risks where they are reasonably likely to affect the business, operations or financial condition of the issuer, in line with general materiality-based disclosure requirements. Non-venture issuers must also continue reporting on the representation of women on their boards of directors and in [executive positions](#).

## What does this signal about the future of climate and diversity regulation in Canada?

The CSA’s announcement reflects the ongoing influence of international developments on climate- and diversity-related disclosure within Canada’s regulatory environment, underscoring the importance of monitoring these changes. While near-term rulemaking has been paused, the CSA has signalled that it will continue to monitor global regulatory trends and market practices, indicating that further developments in this area remain likely as global standards and expectations evolve.





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## TSX

### announces updated listing requirements

#### What changes did the TSX make to its listing requirements in 2025?

On November 6, 2025, the Toronto Stock Exchange (“TSX”) announced that its newly updated listing requirements have come into effect. These changes are a response to extensive stakeholder feedback initiated by the TSX’s March 2025 [proposed amendments](#) to Part III - Original Listing Requirements and Part V - Special Requirements for Non-Exempt Issuers in the TSX Company Manual (“Part V”), along with request for comments. These amendments aim to modernize listing requirements, strengthen the market framework, reduce issuer burdens, and foster growth and market accessibility.

A summary of notable changes follows.

- **Listing categories and classifications**

Industrial companies are now categorized as “Diversified Companies” with three, instead of five, sub-categories of Diversified Companies:

- i. income and revenue-producing companies;
- ii. pre-income-producing companies; and
- iii. new enterprise companies (excluding special acquisition corporations).

For mining issuers, a new category was introduced called “Senior Mining Companies.” The Development Stage category of oil and gas issuers has been removed. Further, applicants are no longer differentiated as an “exempt” or “non-exempt” company, except for escrow purposes.

- **Market capitalization and public float**

The former \$4 million public float requirement has been removed. Instead, there are \$50-200 million minimum market capitalization requirements depending on the application industry category and classification, suggesting that this is a more meaningful measure of liquidity.

- **Sponsorship**

Sponsorship requirements are now explicitly required for applications in which:

- i. the issuer has not filed a prospectus for an offering of securities underwritten by a participating organization of the TSX within six months of the listing date, unless graduating from the TSX Venture Exchange;
- ii. the applicant is in an emerging market jurisdiction;
- iii. the TSX has concerns regarding governance issues for which additional commentary is required;
- iv. the TSX requires additional commentary following review of management personal information forms and experience; or
- v. the TSX requires additional commentary following review of title and ownership of a resource property.

- **Removal of Part V**

Part V, which previously imposed requirements to protect minority shareholders in related-party transactions of non-exempt companies, has been removed. This amendment is intended to reduce regulatory duplication and burden as these protections are addressed under existing securities laws. The TSX emphasized that Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions (“MI 61-101”) is better equipped to deal with nuanced related party scenarios and capture transactions that could impact market integrity. TSX companies remain subject to MI 61-101.



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## Canada introduces draft Stablecoin Act under Bill C-15

### What is Bill C-15 and how does it regulate stablecoins in Canada?

On November 4, 2025, the Government of Canada announced, as part of [Budget 2025](#), its intention to regulate fiat-backed stablecoins. This commitment was formalized on November 18, 2025, through the introduction of the *Budget 2025 Implementation Act*, which includes Division 45 of Part 5 of [Bill C-15](#) - the *Stablecoin Act* (the “Act”). This legislation establishes the first federal framework for stablecoins and transfers oversight from provincial securities regulators to the Bank of Canada (the “Bank”), signaling a major shift in Canada’s approach to digital asset regulation.

## Which stablecoins and entities are covered by the Act?

The Act applies to fiat-backed stablecoins that reference a single currency and are issued by entities outside the scope of prudential regulation. It excludes central bank digital currencies, banks, and closed-loop payment instruments, such as merchant-specific tokens. The Act also applies to stablecoins intended for interprovincial or international use, reinforcing its national scope. To operate legally, issuers must appear on a public registry maintained by the Bank.

## What registration, reserve and redemption requirements does the Act impose?

Issuers must register with the Bank and provide detailed disclosures regarding governance, ownership, technological systems, reserve composition, redemption rights, custodial arrangements, cybersecurity, and risk management. They must also submit recovery and resolution plans to ensure orderly wind-downs. The Bank will administer the regime, while the Minister of Finance (the “Minister”) retains authority to review applications for national security concerns and issue policy guidance. The Minister may impose conditions or prohibit issuance where risks to financial stability or monetary policy are identified.

Stablecoins must be fully backed by high-quality liquid assets denominated in their reference fiat currency. These reserves must be held by qualified custodians and structured to be bankruptcy remote. Issuers must publish clear redemption policies outlining timing, fees, and mechanics. Offering interest or yield on stablecoins is prohibited, reinforcing their role as payment instruments rather than investment products. Issuers are required to maintain legal opinions confirming that reserve assets are unencumbered and protected from creditor claims, ensuring customer redemptions remain secure even in insolvency scenarios.

## How are transparency, oversight and operational controls addressed?

The Act imposes strict transparency requirements, including monthly reporting on financial condition, reserve composition, and outstanding stablecoins, supported by independent legal and accounting attestations.

The Act also amends the [Retail Payment Activities Act](#) to include payment functions involving stablecoins, bringing wallets, custodians, and other payment service providers under the Bank of Canada’s operational oversight and complementing the prudential framework for issuers.

## How does the Act interact with provincial securities regulation?

While the Act clarifies that stablecoin issuance does not constitute securities dealing under federal financial institution statutes, it does not override provincial securities laws. Issuers must continue to consider compliance with CSA guidance, including [Staff Notice 21-333 - Crypto Asset Trading Platforms: Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients](#).

## What is the broader strategic impact of the Stablecoin Act?

Canada’s approach aligns with global developments, such as the U.S. [GENIUS Act of 2025](#) and the European Union’s *MiCA* framework. The Act aims to modernize Canada’s payments ecosystem while strengthening consumer protection and financial sovereignty. Key questions remain, particularly regarding the treatment of yield-bearing tokens and the evolving federal–provincial regulatory interface. The Act represents a foundational shift in Canada’s digital asset regulation, codifying prudential standards at the federal level and signaling Canada’s commitment to a secure and innovative payments environment.

## Adapting to global trade uncertainty: Insights from the Bank of Canada and CSA regulatory reforms

### What are the global trade challenges identified by the Bank of Canada?

On September 23, 2025, Tiff Macklem, Governor of the Bank of Canada, delivered a [cautionary speech](#) on the impact of shifting trends in global trade, capital-flow patterns, and U.S. protectionist trade policies on the global economy. Macklem identified four “megatrends” in global trade and capital flows:

- i.** The prolonged slowdown in global trade growth;
- ii.** The shift away from exclusive U.S. global trade dominance as China and the European Union (the “EU”) expand their influence;
- iii.** The continued US dominance in global financial flows; and
- iv.** The persistence of global trade imbalances.

He suggested that the unpredictability of US trade policies has exacerbated these megatrends, increasing uncertainty, shifting global relationships, and exposing vulnerabilities in economies that are heavily reliant on open trade.

## What did Macklem recommend for Canadian economic resilience?

Turning to the impact on Canada, Macklem warned that complacency is not an option. He stressed that Canada's long-term prosperity hinges on proactive and strategic restructuring. He urged Canadians to "roll up our sleeves" and embrace economic patriotism focused on strength and competitiveness. He recommended diversifying trade, eliminating interprovincial trade barriers, and attracting more foreign capital. Macklem announced that the Bank of Canada had lowered its interest rate to bolster action. However, he emphasized that monetary policy alone cannot address these challenges and called for collective effort, including action from multilateral institutions such as the World Trade Organization and the International Monetary Fund, along with Canadian businesses and regulators.

## What capital formation initiatives did the CSA announce to support competitiveness?

Even prior to Macklem's remarks, the CSA had been making changes aligned with these goals, specifically aimed at reducing interprovincial barriers and supporting capital formation. In particular, on April 17, 2025, the CSA introduced three new **blanket orders** to streamline disclosure, lower compliance costs, and provide flexibility for issuers – especially newly listed public companies – to raise capital.

- **Coordinated Blanket Order 41-930 - Exemptions from Certain Prospectus and Disclosure Requirements**  
provides targeted relief from select disclosure requirements, including waiving third-year historical financial statements requirements, allowing simplified marketing during the waiting period without filing an amended preliminary prospectus (provided the information is disclosed in a news release), and reducing or eliminating promoter certificate requirements in certain provinces under specified conditions.
- **Coordinated Blanket Order 45-930 - Prospectus Exemptions for New Reporting Issuers**  
allows newly listed public issuers (other than investment funds) to raise additional capital without the cost and delay of filing another prospectus within 12 months of their initial public offering, up to the lesser of \$100 million or 20% of their market value, on a prospectus-exempt basis.<sup>12</sup>
- **Coordinated Blanket Order 45-933 - Exemption from the Investment Limit under the Offering Memorandum Prospectus Exemption to Exclude Reinvestment Amounts**  
available in six provinces<sup>13</sup>, increases the investment limit for eligible investors relying on the offering memorandum prospectus exemption under National Instrument 45-106 - *Prospectus Exemptions* ("NI 45-106"). Typically, NI 45-106 only allows eligible investors to exceed the \$30,000 investment limit if they obtain advice confirming the investment is suitable for them, subject to the restriction that the total amount in the preceding 12 months is capped at \$100,000. Under the new changes, eligible investors may reinvest proceeds from prior investments in the same issuer without those amounts counting toward the investment limit, provided the investor receives advice from a portfolio manager, investment dealer, or exempt market dealer confirming that the reinvestment of proceeds remains suitable for that investor.<sup>14</sup>

## How do these measures align with Macklem's economic strategy?

Collectively, the CSA's blanket orders directly address Macklem's call for reducing regulatory friction and fostering capital formation, by lowering compliance costs, removing interprovincial frictions and expanding access to capital for issuers and investors. These measures reflect Canada's general focus on supporting national economic resilience and improving access to capital in an increasingly uncertain global trade environment.

## TSXV

### **introduces new Policy 5.4: A streamlined framework for capital structure, escrow and resale restrictions**

#### **What is Policy 5.4 and when did it take effect?**

Effective June 2, 2025, the TSX Venture Exchange (“TSXV”) implemented [Policy 5.4](#) - *Capital Structure, Escrow and Resale Restrictions* (“Policy 5.4”), which represents a comprehensive update to the TSXV’s escrow and resale requirements. Policy 5.4 applies to all new TSXV listings and affects all issuers that have obtained a new TSXV listing within the past 36 months.

## How can issuers now demonstrate an acceptable capital structure?

**Securities issued by the target company:** Demonstration that at least 50% of the Replacing the former “evidence of value” requirement, Policy 5.4 expands and clarifies the methods by which an issuer may demonstrate an acceptable capital structure for new listings, including initial public offerings, reverse takeovers, changes of business, and qualifying transactions.

An issuer may rely on any one of the following methods:

- **Contemporaneous equity financing:** Completion of an arm’s-length equity financing that represents at least 10% of the post-transaction listed shares or raises a minimum of \$5 million.
- **Appraisal or valuation:** An independent appraisal or valuation supporting at least 50% of the total value paid or payable by an issuer or any party in connection with a transaction (“**Consideration**”).
- **Expenditures:** Demonstration that relevant expenditures incurred within the past five years support at least 50% of the Consideration.
- **Net tangible assets of the target company:** Evidence that the target has net tangible assets equal to at least 50% of the Consideration.
- **Operating cash flow of the target company:** Proof that ten times the average operating cash flow of the target over the past eight fiscal quarters equates to at least 50% of the Consideration.
- **Securities issued by the target company:** Demonstration that at least 50% of the target’s outstanding equity securities were issued either at or above prices equivalent to the issuer’s discounted market price or, if issued at least 12 months before the announcement, at no less than 50% of the issuer’s current market price.
- **Current listing:** A continuous listing and active trading on another recognized stock exchange for at least one year prior to filing its listing application, without having completed a reverse takeover, qualifying transaction, change of business, or similar transaction during that period.
- **Initial public offering:** A completed IPO that includes a financing component.

Where none of these methods are workable, Policy 5.4 permits issuers to request a pre-filing conference with the TSXV to discuss alternative approaches.

## How has the escrow regime been simplified under Policy 5.4?

Under the previous policy, securities deemed to have been issued at a value disconnected from the underlying asset or business were subject to a longer, back-weighted escrow release schedule. The TSXV has replaced this system with a single, standardized schedule for all principals’ securities. This new approach adopts the release timelines set out in National Policy 46-201 - *Escrow for Initial Public Offerings* (“**NP 46-201**”), ensuring escrow treatment is consistent regardless of how the securities were valued at issuance.

For Tier 1 Issuers (as defined in TSXV Policy 2.1 - Initial Listing Requirements), 25% of a principal's securities are released on the date of the TSXV bulletin confirming final acceptance of the transaction (the "Bulletin Date"), with the remainder released in equal six-month intervals over 18 months. Tier 2 Issuers (as defined in TSXV Policy 2.1 - Initial Listing Requirements) have 10% released on the Bulletin Date, followed by semi-annual releases of 15% over the next 36 months.

With the removal of the surplus securities concept, the escrow framework has been simplified, making TSXV listing applications more straightforward.

### **How does escrow apply to non IPO transactions and who is exempt?**

For non-IPO transactions, the TSXV generally applies escrow requirements similar to those under NP 46-201. Escrow is typically required when the issuer's post-transaction market capitalization is at least \$100 million, though exemptions may be available.

Principals holding less than 1% of voting rights are usually exempt unless their combined holdings exceed 5% of outstanding shares, a measure designed to prevent artificial share distribution.

Policy 5.4 confirms that escrow may apply to issuers previously listed on another exchange if such treatment would have been required under the new framework. Securities held by principals at closing or transferred within six months of the listing application are normally subject to escrow.

### **What changes were made to seed share resale restrictions?**

Policy 5.4 refines the rules governing seed share resale restrictions for non-principal holders. Securities become subject to a hold when issued at certain discounts to the transaction price or when issued within particular time periods prior to conditional acceptance.

When subject to seed share resale restrictions ("SSRR"), securities are held for one year and released in equal 20% increments every three months, starting on the Bulletin Date. Policy 5.4 defines the transaction price as the greater of the discounted market price or the financing price associated with the listing transaction, with the TSXV determining the price when necessary.

Certain securities issued above specified pricing thresholds may be exempt if held for at least 3 or 12 months. Holders of SSRR-affected securities must ensure their certificates carry legends or that they enter into pooling agreements with the issuer's transfer agent.

### **Transition provisions**

The TSXV has implemented transition measures for issuers with existing escrow and resale arrangements. Current escrow agreements will remain in effect but may be amended to comply with the new policy if disinterested shareholder approval is obtained, while existing SSRRs can be amended without shareholder approval. All applications must be submitted via the TMX LINX portal along with the applicable fee.

# Endnotes

- 1 Canadian Securities Administrators, National Instrument 81-102 Companion Policy, Section 2.01(4).
- 2 Canadian Securities Administrators, [CSA Notice and Request for Comment - Proposed Repeal and Replacement of National Instrument 43-101 Standards of Disclosure for Mineral Projects](#), (June 12, 2025).
- 3 Under National Instrument 51-102 - *Continuous Disclosure Obligations*, a “venture issuer” is defined as a reporting issuer that, as at the applicable time, did not have any of its securities listed or quoted on any of the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.
- 4 Canadian Securities Administrators, [CSA Notice and Request for Comment 25-314 - Proposed approach to oversight and refinements to the proposed binding authority framework for an identified ombudservice](#) (July 15, 2025).
- 5 Canadian Securities Administrators, [CSA Notice and Request for Comment - Registered Firm Requirements Pertaining to an Independent Dispute Resolution Service; Proposed Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations; Proposed Changes to Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registrant Obligations](#) (November 30, 2023).
- 6 NI 31-103 defines “complaint” as a complaint that: (a) relates to a trading or advising activity of a registered firm or a representative of the firm; and (b) is received by the firm within 6 years of the day when the client first knew or reasonably ought to have known of an act or omission that is a cause of or contributed to the complaint.
- 7 [Xeltox Enterprises Ltd. dba Cryptomus \(Re\), 2025 BCSECCOM 209](#).
- 8 Josh Scott, Betakit, [Former EventMobi, Voiceflow leaders secure \\$2 million CAD to tackle retail merchandising with Merchit](#) (February 27, 2025).
- 9 Government of Canada, [Government of Canada invests \\$28.7 million to Train Clean Energy Workers and Expand AI Research Capacity](#) (September 9, 2025).
- 10 Research Money, [The Short Report: March 26, 2025](#) (March 26, 2025).
- 11 Canadian Securities Administrators, [CSA expands capital-raising options for listed issuers](#) (May 14, 2025).
- 12 This exemption is subject to certain conditions, including: (i) the offered securities must be equity securities of the same class qualified under the IPO prospectus, and the offering price must not be lower than the IPO price; and (ii) the issuer must file a news release and an offering document that includes: (a) details of the offering; (b) disclosure of material facts relating to the offered securities not already disclosed; (c) a description of the issuer’s business objectives, recent developments, and use of proceeds; and (d) a two-day cooling off period to cancel the agreement, along with a right of rescission or damages in the case of misrepresentation arising from the offering document.
- 13 This exemption is available in Alberta, New Brunswick, Nova Scotia, Ontario, Quebec and Saskatchewan.
- 14 In Ontario and Nova Scotia, issuers relying on Coordinated Blanket Order 45-933 must provide written notice to the applicable securities regulator within ten days of the distribution and indicate this in Schedule 1 to Form 45-106F1 *Report of Exempt Distribution*.

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