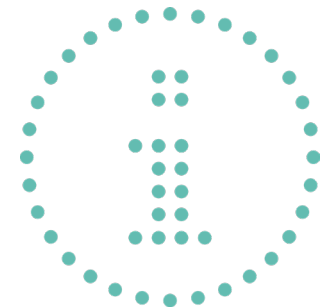


# ***Listed Issuer Financing Exemption (LIFE)***

***National Instrument 45-106 (Section 5A.2)***

# Disclaimer

- The following information is intended only as general introductory information to address some common questions.
- It is not intended to be, and must not be relied on as legal advice.
- Please refer to the specific provisions of Alberta securities laws.
- We encourage you to seek legal advice from legal counsel familiar with Alberta securities laws.



# Listed issuer financing exemption: Overview



Came into effect  
November 21, 2022



Part of the CSA's  
efforts to reduce  
regulatory burden  
for issuers

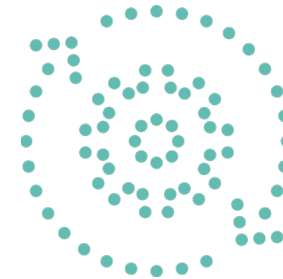


Prospectus exemption  
available for listed  
issuers

# Listed issuer financing exemption: Overview (cont'd)



Relies on issuer's continuous disclosure record, supplemented by short offering document (Form 45-106F19)



No hold period on distributed shares – freely tradeable

# Listed issuer financing exemption: Eligibility

- Prospectus exemption is available to any reporting issuers that satisfy the following criteria:
  - ✓ Has been a reporting issuer in Canada for at least 12 months prior to the news release announcing the offering.
  - ✓ Has a class of equity securities listed for trading on an exchange recognized by a securities regulatory authority in Canada.
  - ✓ Has filed all periodic and timely disclosure documents.

## Listed issuer financing exemption: Eligibility (cont'd)

- ✓ Has active business operations and its principal asset is not cash, cash equivalents or its exchange listing.
- ✓ Reasonably expects to have available funds to meet all business objectives and liquidity requirements for 12 months after the offering.
- ✓ Cannot be an investment fund.
- ✓ Cannot be on defaulting issuers list.

# Listed issuer financing exemption: Types of securities

- Exemption is only available for the distribution of:
  - listed equity securities
  - units consisting of listed equity securities and warrants convertible into listed equity securities



## Listed issuer financing exemption: Types of securities (cont'd)

- Cannot distribute subscription receipts, special warrants or convertible debentures.
- Cannot use the proceeds raised under the exemption to fund a significant acquisition, a restructuring transaction or any other transaction that requires security holder approval.





## Listed issuer financing exemption: Limitations on offering size

The aggregate amount of the offering combined with all distributions under this exemption in preceding 12 months, cannot exceed the greater of:



\$5 Million CDN; and



10% of the issuer's market capitalization as of the date of the news release (up to a max of \$10 million CDN)

The offering combined with all other distributions made under this exemption in the preceding 12 months also cannot result in an increase of the outstanding listed equity securities by more than 50%.

# Listed issuer financing exemption: Underwriters and exempt market dealers

- No requirement for a registrant or underwriter to be involved in the offering.
- If an investment dealer or exempt market dealer is involved, they are still subject to registration requirements.
- Investors who plan to buy the new issue and then immediately resell the securities in the secondary market should consider the applicability of any "backdoor underwriting" rules (please see definition of *distribution* in the *Securities Act* (Alberta)).

# Listed issuer financing exemption: Use of exemption

- Prior to soliciting an offer to purchase, the issuer must do the following:
  - ✓ File a news release announcing the offering (must contain required language).
  - ✓ File a completed Form 45-106F19 *Listed Issuer Financing Document* and post a copy on its website, if it has one.



## Listed issuer financing exemption: Use of exemption (cont'd)

- Issuer must file a Form 45-106F1 *Report of Exempt Distribution* including a completed Schedule 1 within 10 days following completion of the offering.
- The offering must be closed no later than the 45<sup>th</sup> day after the news release is filed.



# Listed issuer financing exemption: Form 45-106F19

- Form 45-106F19 requires that the issuer provide information such as:

✓ Details of the offering

✓ The involvement of dealers or finders and their fees, if applicable

✓ Where to find the issuer's continuous disclosure

✓ Summary description of the issuer's business

# Listed issuer financing exemption: Form 45-106F19

✓ Use of available funds	✓ Available funds (e.g. net proceeds +/- working capital)
✓ Use of funds from prior offerings	✓ Prescribed risk disclosure statement
✓ Provide details	✓ Cannot allocate funds to finance a significant transaction or restructuring transaction

# Listed issuer financing exemption: Form 45-106F19

- Must contain all material facts not disclosed in the disclosure filed in the last 12 months.
- Must contain a certificate from the CEO and CFO.
- The offering document – together with any documents filed by the issuer on or after the earlier of 12 months before the date of the offering document and the date of the issuer’s most recently filed audited annual financial statements – contains disclosure of all material facts about the distributed securities and does not contain a misrepresentation.

**MISREPRESENTATION**

# Listed issuer financing exemption: Statutory liability

- The exemption imposes primary market statutory liability.
- In the case of a misrepresentation, a purchaser has two potential remedies:
  1. A right to damages, available against the issuer, the directors of the issuer and officers (i.e. CEO and CFO that sign the offering document) or
  2. A right to sue the issuer for rescission



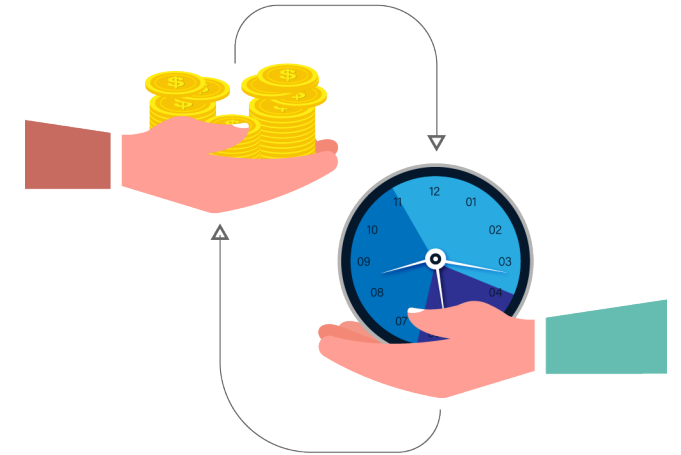


## Listed issuer financing exemption: Liability (cont'd)

- The offering document is designated as a “core document” pursuant to the secondary market liability provisions.
- If there is a misrepresentation in any “core document,” including the offering document, the issuer would be liable to any purchasers on the secondary market for the misrepresentation under secondary market liability provisions.

# Listed issuer financing exemption: No resale restrictions

- Securities purchased under the exemption are generally freely tradeable.
- The seasoning period applies but will be satisfied by issuers being required to be reporting issuers for 12 months.
- TSXV hold period no longer generally applies to issuances under the exemption.



# Contact Information



See ASC website for information on LIFE:  
<https://www.asc.ca/small-business>  
[www.asc.ca/securities-law-and-policy](https://www.asc.ca/securities-law-and-policy)

Slides available:  
[www.asc.ca/news-and-publications/events](https://www.asc.ca/news-and-publications/events)



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