

CSA Multilateral Staff Notice 31-367

Notice and Consultation Regarding CSA Coordinated Blanket Order 31-930 Exemption to Allow Exempt Market Dealer Participation in Selling Groups in Offerings of Securities Under a Prospectus

November 27, 2025

Introduction

The securities regulatory authorities in Alberta, British Columbia, New Brunswick, Nova Scotia, Ontario, Québec, and Saskatchewan (the **Participating Jurisdictions**) are publishing this staff notice and consultation questions to inform stakeholders that the temporary Canadian Securities Administrators Coordinated Blanket Order 31-930 *Exemption to Allow Exempt Market Dealer Participation in Selling Groups in Offerings of Securities Under a Prospectus* (the **Blanket Order**) expires on December 20, 2025 and will not be extended. The Participating Jurisdictions are also seeking feedback on the exemption that was provided in the Blanket Order to assist in future policy-making, including to consider whether a revised exemption should be published in the future.

Background

Early-stage, small- and medium-sized issuers are an important part of the provincial economies, serving as key contributors to employment, quality of life, and income within communities. Exempt market dealers play an important role in assisting these issuers in raising capital by acting as dealers or underwriters for the issuers' securities and distributing the issuers' securities under exemptions from the prospectus requirement.

As the issuers grow and mature, they may seek financing through offerings of their securities under a prospectus. Exempt market dealers are often limited in their ability to continue to support these issuers at this stage because exempt market dealers can only participate in a distribution of securities to investors if the distribution is made in reliance on an exemption from the prospectus requirement. Generally, the appropriate dealer registration category for participating in distributions of securities under a prospectus is the investment dealer category. However, allowing exempt market dealers to participate as members of a selling group in prospectus offerings may make available additional sources of capital to issuers, may provide investors with more investment opportunities, and may allow exempt market dealers to participate in more of an issuer's lifecycle (i.e., from early to growth or maturity stage).

In late June 2024, the securities regulatory authorities in Alberta, British Columbia, New Brunswick, Nova Scotia, Ontario, Québec, Saskatchewan, and Yukon (the **Blanket Order Participating Jurisdictions**) published the Blanket Order setting out a temporary exemption from the restrictions set out in paragraph 7.1(2)(d) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) so that exempt

market dealers could participate in prospectus offerings as members of selling groups.¹ The Blanket Order will expire on December 20, 2025.

Exempt market dealer participation in selling groups of prospectus offerings

Exempt market dealers that intend to rely on the Blanket Order are required under National Instrument 33-109 *Registration Information* to report a change in business activity by filing a Form 33-109F5 *Change of Registration Information* indicating that they will be participating as members of selling groups in prospectus offerings. As of October 20, 2025, only three exempt market dealers have made such filing and, of the three firms, only two have participated in selling groups in prospectus offerings. The two firms each participated in two prospectus offerings. We are seeking feedback as set out below to consider if a new exemption should be issued to allow exempt market dealer participation in selling groups in prospectus offerings.

Q1. Are there any significant factors not identified below that contributed to the limited use of the Blanket Order?

Q2. Do stakeholders have any additional feedback on the exemption to allow the participation of exempt market dealers in selling groups for prospectus offerings?

Stakeholder feedback

Through inquiries from and outreach to stakeholders since the publication of the Blanket Order, the Participating Jurisdictions received feedback on the Blanket Order in the following areas:

1. Participation limit

Stakeholders raised concerns that the restriction on compensation that an exempt market dealer may receive for their participation in a selling group reduces the incentive for exempt market dealers to rely on the exemption, and that an exempt market dealer may earn more compensation by distributing other securities or from a referral arrangement.

Staff note that the condition in the Blanket Order that limits the compensation for an exempt market dealer does not set the amount of compensation that exempt market dealers may receive. Rather, the condition establishes the maximum percentage of compensation that exempt market dealers participating in selling groups may receive. It was intended to reflect the exempt market dealers' participation in the selling group compared to investment dealers (i.e., exempt market dealers are not acting as underwriters and are not signing the underwriter certificate).

¹ The local blanket orders were published by the securities regulatory authorities in [Alberta](#), [British Columbia](#), [Nova Scotia](#), [Ontario](#), [Québec](#), [Saskatchewan](#), and [Yukon](#) on June 20, 2024, and in [New Brunswick](#) on June 27, 2024.

Q3. Should compensation to exempt market dealers that participate as members of selling groups in prospectus offerings be limited? Why or why not?

Q4. If compensation to exempt market dealers that participate as members of selling groups in prospectus offerings should be limited, how should the limit on compensation be established?

Q5. Are there mechanisms other than on compensation limits that can serve a similar role?

2. Exempt market dealers cannot access electronic settlement

Stakeholders noted that exempt market dealers cannot participate in electronic settlement through the Canadian Depository for Securities. Additionally, exempt market dealers are unable to enter into a carrying broker arrangement with investment dealers because investment dealers may only offer carrying broker services to other investment dealers and mutual fund dealers. As a result, if an exempt market dealer participates in a selling group for a prospectus offering, the issuer must be willing to accommodate by providing paper certificates, which increases costs and complexity to the transaction to the issuer.

Q6. To what extent does the inability of an exempt market dealer to access electronic settlement impact an issuer's or underwriter's decision to include an exempt market dealer in a selling group of a prospectus offering?

3. Exempt market dealers cannot subsequently advise clients on the securities purchased

An exempt market dealer may not necessarily be able to subsequently advise a client regarding securities purchased under a prospectus and may be reluctant to refer the client to an investment dealer who is able to advise on those securities.

Specifically, except as set out in the Blanket Order, exempt market dealers are permitted to:

- trade or underwrite securities if the trade is a distribution made under a prospectus exemption;
- participate in the resale of securities that are subject to resale restrictions; and
- participate in the resale of securities, if a prospectus exemption would be available to the seller if the trade were a distribution and the class of securities is not listed, quoted or traded on a marketplace.

An exempt market dealer would only be able to subsequently advise a client on the securities purchased in the circumstances outlined above.

Additionally, exempt market dealers are not permitted to establish an omnibus account with an investment dealer and trade listed securities through the investment dealer on behalf of their clients since this activity is trading in listed securities which exempt market dealers are not permitted to do as set out in subparagraph 7.1(2)(d)(ii) of NI 31-103. In such cases, secondary trading in listed

securities must be conducted through an investment dealer in accordance with the rules and requirements applicable to investment dealers.

Q7. To what extent does the inability of an exempt market dealer to subsequently advise clients on the securities purchased affect an exempt market dealer's decision to participate in selling groups for prospectus offerings?

4. Issuers' and Investment Dealers' Awareness of the Blanket Order

Some stakeholders suggested that there was limited awareness of the Blanket Order among issuers and investment dealers. As a result, issuers and investment dealers may not have been informed that exempt market dealers could have participated in a selling group for prospectus offerings, which may have impacted the use of the Blanket Order. The Blanket Order Participating Jurisdictions issued a news release when the Blanket Order was issued. Staff are aware that many law firms issued communications regarding the Blanket Order. Additionally, certain jurisdictions used mass email communications and other publications to highlight the Blanket Order.

Staff also received feedback that there may be difficulties for exempt market dealers to participate in selling groups under a prospectus offering because investment dealers may not have understood the conditions to include exempt market dealers and may have been reluctant to include them.

Q8. Please comment on other steps that could be taken to increase awareness among issuers and investment dealers if a new blanket order is issued.

Q9. Is there any confusion as to how issuers and investment dealers may involve exempt market dealers in selling groups in prospectus offerings?

Q10. Are there any other factors that may affect the decision of an issuer or an investment dealer to include exempt market dealers in a selling group of a prospectus offering?

Comment and submissions

The Participating Jurisdictions invite participants to provide input on the issues outlined in this staff notice and consultation questions. The consultation period expires January 26, 2026.

Address your submission to all of the Participating Jurisdictions as follows:

Alberta Securities Commission

Autorité des marchés financiers

British Columbia Securities Commission

Financial and Consumer Services Commission of New Brunswick

Nova Scotia Securities Commission

Ontario Securities Commission

Financial and Consumer Affairs Authority of Saskatchewan

Submit your comments through the [CSA consultation page](#). Your comments will be distributed to the Participating Jurisdictions.

When submitting your comments from Québec through the link above, you are submitting your comments to:

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour PwC
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Québec (Québec) G1V 5C1
Fax: 514-864-8381
Email: consultation-en-cours@lautorite.qc.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of the Alberta Securities Commission at www.asc.ca, the Autorité des marchés financiers at www.lautorite.qc.ca, and the Ontario Securities Commission at www.osc.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission. Content may be moderated so that all submissions are respectful and professional.

Questions

Please refer your questions to any of the following:

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