

In Budget 2025, the government announced its intention to amend the *First Nations Fiscal Management Act* (FNFMA) to further enhance access to capital for Indigenous groups seeking equity participation in economic and resource development projects.

The First Nations Finance Authority (FNFA) and the Department of Crown-Indigenous Relations and Northern Affairs, with the support of the First Nations Financial Management Board, the First Nations Tax Commission and the First Nations Infrastructure Institute, are co-developing proposed amendments to the Act that would allow bands, Indigenous groups or certain entities that establish Special Purpose Vehicles (SPVs) to seek financing from the FNFA, when they have a loan guarantee from the federal government and/or a provincial government.

These amendments would seek to identify eligible Indigenous SPVs, establish criteria for applications to participate as borrowing members and to access loans from the FNFA, as well as to provide for the application of rules relevant to the financing of those SPVs.

The proposed amendments would seek to carefully balance the need to support greater access to capital for Indigenous groups by way of SPVs and the mitigation of potential impacts on the other borrowing members of the FNFA.

Below, please find a summary of the proposed amendments.

If you have any questions or comments to provide directly to Canada, you can provide input by email to aadnc.lgfpn-fnfma.aandc@canada.ca before May 15th.

Summary of proposed changes to the *First Nations Fiscal Management Act*

First Nations Finance Authority's borrowing membership and financing would be expanded to eligible Indigenous Special Purpose Vehicles

The proposed amendments would seek to enable Indigenous Special Purpose Vehicles (SPVs) to apply for First Nations Finance Authority's (FNFA) borrowing membership and pursue opportunities to secure loans. To be eligible to apply to the FNFA to become borrowing members – or “participating special purpose vehicles” – SPVs would need to be corporations or limited partnerships that are wholly owned by one or more of the following entities: (i) a band; (ii) an Indigenous group that is a party to a treaty, land claims agreement or self-government agreement with Canada; or (iii) an entity established under a treaty or agreement referred to in (ii).

Mitigation of risks for Indigenous Special Purpose Vehicles and other borrowing members of the First Nations Finance Authority

The proposed amendments would seek to authorize the FNFA to lend to Indigenous SPVs borrowing members only if they have a loan guarantee from the federal and/or provincial governments.

Elements of the FNFMA that would not be applicable to Indigenous Special Purpose Vehicles

Given the nature of SPVs and the loan guarantee requirement, certain elements of the FNFMA would not apply to Indigenous SPVs such as financial administration law-making and

certification, co-management, or third party management by the First Nations Financial Management Board (FMB). Also, representatives from Indigenous SPVs would not be eligible for election to the board of directors of the FNFA and would not be entitled to vote during the election of board members.

Other elements of the Act that would apply to Indigenous Special Purpose Vehicles

It is proposed that the following elements of the FNFMA pooled borrowing regime be extended to apply to Indigenous SPVs borrowing members: the First Nations Finance Authority mandate to secure financing for its borrowing members; becoming and ceasing to be a borrowing member; the priority of the First Nations Finance Authority over other creditors; borrowing factors, debt coverage ratios, secured revenue trust accounts, repayment obligations such as sinking funds; the Debt Reserve Fund and potential replenishment obligations for the pool of borrowing members.