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# NEO EXCHANGE LISTING MANUAL



NEO EXCHANGE INC. (the “NEO EXCHANGE”) LISTING MANUAL  
(the “LISTING MANUAL”)

TABLE OF CONTENTS

<b>PART I.</b>	<b>DEFINITIONS, INTERPRETATION AND GENERAL DISCRETION</b> .....	6
1.01	Definitions .....	6
1.02	Interpretation.....	14
1.03	General Discretion of the Exchange .....	15
1.04	Compliance with Canadian Securities Legislation .....	16
<b>PART II.</b>	<b>INITIAL LISTING REQUIREMENTS</b> .....	17
2.01	General .....	17
2.02	Minimum Listing Standards – Corporate Issuers.....	17
2.03	Minimum Listing Standards – Closed End Funds .....	20
2.04	Minimum Listing Standards – Exchange Traded Funds.....	20
2.05	Minimum Listing Standards – Structured Products.....	20
2.06	Minimum Listing Standards – Debt-Based Structured Products.....	21
2.07	Management of Listed Issuers.....	21
2.08	Other Listed Issuers .....	22
2.09	Foreign Issuers.....	23
2.10	Emerging Market Issuers .....	23
2.11	Listing Transactions that Do Not Involve an Agent, Underwriter or Canadian Securities Regulatory Authority .....	30
2.12	Escrow .....	31
2.13	Listing Application – Procedure .....	32
2.14	Documentation Required for Final Approval.....	34
<b>PART III.</b>	<b>CONTINUOUS LISTING REQUIREMENTS</b> .....	36
3.01	Continuous Listing Requirements – Corporate Issuers.....	36
3.02	Continuous Listing Requirements – Closed End Funds .....	36
3.03	Continuous Listing Requirements – Exchange Traded Funds .....	36
3.04	Continuous Listing Requirements – Structured Products .....	37
3.05	Continuous Listing Requirements – Debt-Based Structured Products.....	37

<b>PART IV.</b>	<b>ONGOING REQUIREMENTS</b> .....	38
4.01	Changes to Insiders .....	38
4.02	Transfer and Registration of Securities .....	38
4.03	Dematerialized Securities .....	38
4.04	Filing Fees .....	38
4.05	Confidentiality of Filings .....	39
4.06	General Dissemination of Material Information and Selective Disclosure .....	39
4.07	Documents Required to Be Filed.....	39
4.08	Issuer Website.....	39
4.09	Ongoing Requirements for Emerging Market Issuers and Other Listed EMIs .....	40
<b>PART V.</b>	<b>TIMELY DISCLOSURE</b> .....	42
5.01	Introduction .....	42
5.02	Disclosable Events .....	42
5.03	Rumours and Unusual Trading Activity .....	44
5.04	Timing of Disclosure and Pre-Notification of the Market Regulator .....	44
5.05	Dissemination of Material Information.....	45
5.06	Content of News Releases .....	46
5.07	Trading Halts for the Dissemination of Information .....	46
5.08	When Information May Be Kept Confidential .....	47
5.09	Maintaining Confidentiality .....	48
5.10	Insider Trading.....	48
5.11	No Selective Disclosure .....	49
<b>PART VI.</b>	<b>DIVIDENDS OR OTHER DISTRIBUTIONS</b> .....	50
6.01	Dividends or Other Distributions.....	50
6.02	Due Bill Trading .....	50
<b>PART VII.</b>	<b>CORPORATE FINANCE AND CAPITAL STRUCTURE CHANGES</b> .....	52
7.01	Compliance with Disclosure Obligations and Notification to the Exchange.....	52
7.02	Compliance with Shareholder Approval Requirements.....	52
7.03	Prospectus Offerings .....	52
7.04	Private Placement Offerings.....	53

7.05	Warrants and Other Convertible, Exercisable and Exchangeable Securities .....	55
7.06	Supplemental Listings Relating to a New Class or Series .....	56
7.07	Acquisitions .....	56
7.08	Security Based Compensation Arrangements and Awards .....	57
7.09	Rights Offerings .....	58
7.10	Take-Over Bids .....	60
7.11	Additional Listings or Cancellations for Other Purposes .....	60
7.12	Sales from Control Person through the Facilities of the Exchange .....	61
7.13	ETF Creation and Redemption .....	63
7.14	Name Change .....	63
7.15	Stock Subdivisions (Stock Splits) .....	63
7.16	Security Consolidations .....	64
7.17	Security Reclassifications .....	65
7.18	Issuer Bids .....	66
7.19	Normal Course Issuer Bids – Procedure .....	66
7.20	Normal Course Issuer Bids – Restrictions on Purchases .....	68
7.21	Normal Course Issuer Bids – Limits on Price and Volume .....	69
7.22	Shareholder Rights Plans – Procedure .....	71
<b>PART VIII.</b>	<b>SIGNIFICANT TRANSACTIONS .....</b>	<b>72</b>
8.01	Notification .....	72
<b>PART IX.</b>	<b>REVERSE TAKE-OVER TRANSACTIONS .....</b>	<b>74</b>
9.01	Definition .....	74
9.02	Exception .....	74
9.03	Procedure .....	74
<b>PART X.</b>	<b>CORPORATE GOVERNANCE AND SECURITY HOLDER APPROVAL .....</b>	<b>76</b>
10.01	Application .....	76
10.02	Governance of Listed Issuers .....	76
10.03	Audit Committee .....	78
10.04	Compensation Committee .....	78
10.05	Nominating and Corporate Governance Committee .....	79

10.06	Independent Review Committee .....	79
10.07	Quorum Requirements .....	79
10.08	No Derogation from Corporate or Securities Law or Constatng Documents.....	80
10.09	General Principles .....	80
10.10	Securities Offering.....	81
10.11	Acquisitions.....	82
10.12	Security Based Compensation .....	83
10.13	Rights Offering .....	86
10.14	Shareholder Rights Plans .....	87
10.15	Related Party Transactions .....	87
10.16	SPACs.....	88
10.17	Restricted Securities.....	94
10.18	Coattail Provisions .....	95
10.19	Issuance of Restricted Securities and Super-Voting Securities.....	95
<b>PART XI.</b>	<b>SUSPENSIONS, DELISTING AND OTHER REMEDIAL ACTIONS.....</b>	<b>96</b>
11.01	General .....	96
11.02	Halts.....	96
11.03	Suspensions and Continuous Listing Criteria .....	96
11.04	Declaration of Non-Compliance.....	97
11.05	Public Reprimand.....	97
11.06	Delisting.....	98
11.07	Display .....	98
<b>PART XII.</b>	<b>APPEALS .....</b>	<b>99</b>
12.01	Appeals of Decision .....	99

## PART I. DEFINITIONS, INTERPRETATION AND GENERAL DISCRETION

### 1.01 Definitions

- (1) Unless otherwise defined or interpreted or the subject matter or context otherwise requires, every term used in the Exchange Requirements that is defined or interpreted in:
- (a) Ontario securities legislation;
  - (b) Universal Market Integrity Rules (“UMIR”);
  - (c) IIROC Rules; or
  - (d) Trading Policies,
- has the same meaning in this Listing Manual.

- (2) The following terms have the meanings set out when used in this Listing Manual:

“**Accepted Foreign Exchange**” means an exchange that is not located within Canada and for which an issuer listed on such exchange has demonstrated that such exchange and the jurisdiction’s securities law requirements are substantially similar to that of the Exchange and Ontario securities legislation.

“**AIF**” means Annual Information Form (*English only*).

“**Approved Bank**” means a bank listed in Schedule I or III of the *Bank Act* (Canada) or another financial institution acceptable to the Exchange.

“**Average Daily Trading Volume**” means, with respect to a Normal Course Issuer Bid, the trading volume for a listed security on all marketplaces for the six months preceding the date of Filing of a Form 20A (excluding any purchases made under a Normal Course Issuer Bid, all marketplace purchases by the issuer of the listed security, a Person acting jointly or in concert with the issuer, and all purchases made under section 7.19(1)(b)) divided by the number of trading days during that period. If the securities have traded for less than six months, the trading volume on all marketplaces since the first day on which the security traded, which must be at least four weeks prior to the date of Filing of Form 20A.

“**Award**” means an award issued under a Security Based Compensation Arrangement, and includes incentive stock options.

“**Board Lot**” means a “standard trading unit” as defined in UMIR.

“**Clearing Corporation**” means CDS Clearing and Depository Services Inc. and any successor corporation or entity recognized as a clearing agency.

“**Closed End Fund**” or “**CEF**” means a “non-redeemable investment fund” within the meaning of the *Securities Act* (Ontario).

“**Common Shares**” means Equity Securities with voting rights that are exercisable in all circumstances irrespective of the number or percentage of securities owned and that are not, on a per share basis, less than the voting rights attached to any other class of shares of the issuer.

“**Control Person**” has the same meaning as its definition in the *Securities Act* (Ontario).

“**Decision**” means any decision, direction, order, ruling, guideline or other determination of the Exchange or of the Market Regulator made in the administration of this Listing Manual.

“**Delist**” means the termination of a security’s listing on the Exchange, which renders it ineligible for trading on the Exchange.

“**Due Bill**” means an instrument used to evidence the transfer of title to any dividend, distribution, interest, security or right to a Listed Security contracted for, or evidencing the obligation of a seller to deliver such dividend, distribution, interest, security or right to a subsequent purchaser.

“**Effective Date**” means the effective date of a change to the constating documents of a Listed Issuer, for example in connection with a name change, certain stock subdivisions, security consolidations and security reclassifications.

“**Emerging Market**” means a jurisdiction outside of Canada that is not included in the following list:

- Australia
- European Union
- Hong Kong
- Iceland
- Israel
- Japan
- Mexico
- New Zealand
- Norway
- Republic of Korea
- Singapore
- South Africa
- Switzerland
- Taiwan
- United Kingdom
- United States

The Exchange may, from time to time, exclude other jurisdictions from the definition of Emerging Market, provided the Exchange is satisfied that the jurisdiction’s business and legal environment is comparable to other non-Emerging Market jurisdictions.

**Commentary:**

*The above list of non-Emerging Market jurisdictions will be adjusted, from time to time, by the Exchange, as applicable. The following factors guide the Exchange’s assessment of the legal and regulatory environment of a jurisdiction: participation in key commercial and economic international organizations and agreements, such as NAFTA, OECD, APEC and the G20; and existing indices of economic development, such as the Heritage Foundation’s Index of Economic Freedom, which, among other factors, consider the prevalence of the rule of law, government and regulatory efficiency and market openness.*

“**Emerging Market Issuer**” or “EMI” means, other than an Other Listed EMI, or unless otherwise determined by the Exchange, an issuer whose principal business operations and the majority of its operating assets are in an Emerging Market jurisdiction. For greater certainty, an EMI that has securities listed on the Exchange is also a Listed Issuer.

**Commentary:**

*Other considerations in determining whether an issuer is an EMI include residence of “mind and management” and jurisdiction of incorporation.*

“**Equity Securities**” means securities of an issuer that carry a residual right to participate in the earnings of the issuer and in the issuer’s assets upon dissolution or liquidation.

“**Escrowed Funds**” means funds held in a SPAC escrow account, and must include at least 90% of the gross proceeds raised in the SPAC IPO or subsequent rights offering by a SPAC and at least 50% of the underwriters’ commission relating to the SPAC IPO.

“**Exchange**” means Neo Exchange Inc.

“**Exchange Requirements**” includes the following:

- (1) the Trading Policies;
- (2) this Listing Manual;
- (3) obligations arising out of the Listing Agreement or Member Agreement;
- (4) any forms issued pursuant to the Trading Policies or the Listing Manual, including the listing forms, and any obligations related to or created by such forms;
- (5) UMIR; and
- (6) applicable securities laws, and any decision thereunder as it may be amended, supplemented and in effect from time to time and the respective rules and regulations under such laws together with applicable published instruments, notices and orders of applicable securities regulatory authorities.

“**Exchange Traded Fund**” or “**ETF**” means a “mutual fund” within the meaning of the *Securities Act* (Ontario), the units of which are listed or quoted securities and are in continuous distribution.

“**Exchange Traded Product**” or “**ETP**” means a CEF, ETF or Structured Product, including any other exchange traded Investment Fund.

“**File**” and “**Filing**” means to submit any required document to the Exchange electronically through a virtual data room or otherwise make available in the format indicated by the Exchange, including email, mail, courier or hand delivery.

“**Foreign Issuer**” means an issuer which, at the time of applying for the listing of a security, is listed and in good standing on an Accepted Foreign Exchange and is not incorporated or organized under the laws of Canada or a Canadian jurisdiction unless:

- (1) voting securities carrying more than 50% of the votes for the election of directors of the issuer are held by Persons whose last address as shown on the books of the issuer is in Canada; and



- (2) any one or more of the following apply:
  - (a) the majority of the senior officers or directors of the issuer are citizens or residents of Canada;
  - (b) more than 50% of the assets of the issuer are located in Canada; or
  - (c) the business of the issuer is administered principally in Canada.

Once a Foreign Issuer has listed its securities on the Exchange, the issuer will become a Listed Issuer.

**“Founding Securities”** means securities of a SPAC held by its Founding Security Holders, excluding any securities purchased by Founding Security Holders under the IPO prospectus, concurrently with the IPO prospectus on the same terms, on the secondary market, or under a rights offering by the SPAC.

**“Founding Security Holders”** means insiders and equity security holders of a SPAC prior to the completion of the IPO who continue to be insiders and equity security holders or both immediately after the IPO.

**“IIROC”** means the Investment Industry Regulatory Organization of Canada and any successor entity.

**“IIROC Rules”** means UMIR and IIROC’s dealer member rules.

**“Independent Director”** means a director who is independent in accordance with section 1.4 of National Instrument 52-110 *Audit Committees* or its successor provision.

**“Insider”** means:

- (1) for a Listed Issuer that is not an Investment Fund, an officer, director or insider (within the meaning of the *Securities Act* (Ontario));
- (2) for a Listed Issuer that is an Investment Fund, an officer or director (within the meaning of the *Securities Act* (Ontario)) of the Investment Fund or the investment fund manager of the Listed Issuer;
- (3) a promoter of a Listed Issuer that is not an Investment Fund;
- (4) a Person identified as an Insider, individually or by virtue of their position, by an issuer;
- (5) if the Insider is not an individual, each director, officer and Control Person of that Insider; and
- (6) such other Person as may be designated from time to time by the Exchange.

**“Investment Fund”** means an “investment fund” as defined under the *Securities Act* (Ontario).

**“IPO”** means initial public offering.

“**Liquidation Distribution**” means, in respect of a SPAC, the distribution of the Escrowed Funds to each existing shareholder (other than the Founding Security Holders in respect of their Founding Securities and their Specified SPAC Securities) for each share held, on a pro rata basis net of any applicable taxes and direct expenses related to the distribution, if the Qualifying Transaction is not completed within the Permitted Time for Completion of a Qualifying Transaction.

“**Listed Issuer**” means an issuer with one or more classes of securities listed in accordance with and subject to the requirements set out in the Listing Manual.

“**Listed Securities**” means any securities of a Listed Issuer that are listed on the Exchange.

“**Listing Document**” means a prospectus, an AIF, an information circular or any other document acceptable to the Exchange, including U.S. or foreign equivalents, determined on a case-by-case basis.

“**Market Regulator**” means IIROC or such other person recognized by the Ontario Securities Commission as a Regulation Services Provider for the purposes of Ontario securities law and which has been retained by the Exchange as an acceptable Regulation Services Provider.

“**Material Information**” means any information relating to the business and affairs of an issuer that results in or would reasonably be expected to result in a significant change to the market price or value of any of the issuer’s Listed Securities, and includes a material change or a material fact, in each case within the meaning of the *Securities Act* (Ontario).

“**Maximum Discount to Market Price**” means the closing market price on the day preceding the date on which the Listed Issuer issues a press release announcing a transaction or Files for price reservation, less a discount of 20%.

“**Member**” means a Person that has executed a member agreement and been approved by the Exchange to access the Exchange systems, provided such access has not been terminated.

“**Non-Voting Securities**” means Restricted Securities that do not carry a right to vote except in certain limited circumstances, such as to elect a limited number of directors or to vote where mandated by applicable corporate or securities law.

“**Normal Course Issuer Bid**” or “**NCIB**” means an issuer bid for a class of Listed Securities where the purchases over a 12-month period by the Listed Issuer or Persons acting jointly or in concert with the Listed Issuer and commencing on the date of Filing of the documents required by Exchange Requirements, do not exceed the greater of:

- (1) 10% of the Public Float; or
- (2) 5% of the securities of the class outstanding,

as of the date of Filing of the documents required by Exchange Requirements, excluding purchases under a formal issuer bid.

“**OSC Staff Notice 51-720**” means OSC Staff Notice 51-720 *Issuer Guide for Companies Operating in Emerging Markets*.

“**Other Listed EMI**” means an Other Listed Issuer that would otherwise be considered an EMI or is specifically exempted from being considered an EMI, which is listed on another Recognized Exchange that has requirements for emerging market issuers and the Other Listed Issuer is subject to and/or exempt from such requirements.

“**Other Listed Issuer**” means an issuer which, at the time of applying for the listing of a security, has that security or one or more other securities listed on a Recognized Exchange other than the Exchange, which does not include an Accepted Foreign Exchange. Once an Other Listed Issuer has listed securities on the Exchange, the issuer will become a Listed Issuer.

“**Permitted Investments**” means investments in the following: cash or in book-based securities, negotiable instruments, investments or securities which evidence:

- (1) obligations issued or fully guaranteed by the Government of Canada, the Government of the United States of America or any Province of Canada or State of the United States of America;
- (2) demand deposits, term deposits or certificates of deposit of an Approved Bank;
- (3) commercial paper directly issued by an Approved Bank; or
- (4) call loans to or notes or bankers' acceptances issued or accepted by an Approved Bank.

“**Permitted Time for Completion of a Qualifying Transaction**” means a period not longer than 36 months after the date of closing of the IPO of a SPAC, or such shorter period that the SPAC specifies in its IPO prospectus (provided that a period shorter than 36 months may be selected subject to one or more extensions, but such period as extended may not exceed such 36 month period in aggregate).

“**Person**” includes an individual, corporation, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative.

“**PIF**” means a Personal Information Form.

“**Preference Shares**” means securities which have a genuine and non-specious preference or right over all classes of Equity Securities and are not Equity Securities.

“**Principal Regulator**” means the issuer’s principal regulator determined in accordance with Multilateral Instrument 11-102 *Passport System*.

“**Public Float**” means the number of securities outstanding, less securities known by the Listed Issuer after reasonable enquiry to be:

- (1) beneficially owned or under the control or direction of the Listed Issuer and every non-Public Security Holder of the Listed Issuer; and/or
- (2) subject to restrictions on transfer.

“**Public Security Holder**” means for an issuer, any security holder that is not a director or officer of the issuer and who does not own or control, directly or indirectly, securities carrying more than 10% of the votes attached to all of the outstanding voting securities of the issuer.

“**Qualified Analyst**” means an “analyst” as defined in Rule 3400 of IIROC’s dealer member rules that is a person holding a Chartered Financial Analyst designation administered by the Institute of Chartered Financial Analysts.

“**Qualifying Transaction**” means the direct or indirect acquisition of assets or one or more businesses by a SPAC. For greater certainty, a Qualifying Transaction may include a merger or other reorganization or an acquisition of the SPAC.

“**Recognized Exchange**” means a Person recognized by a securities regulatory authority in Canada as an Exchange.

“**Record Date**” means the date fixed for the purpose of determining security holders of a Listed Issuer eligible for a distribution or other entitlement.

“**Related Person**” of a Listed Issuer means:

- (1) a “related party” as defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, of the Listed Issuer;
- (2) a promoter of the Listed Issuer, or, where the promoter is not an individual, an officer, director or Control Person of the promoter;
- (3) if the Listed Issuer is an Investment Fund, a “related party” to the Investment Fund determined with reference to section 2.5(1) National Instrument 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance*; and
- (4) such other Person as may be designated from time to time by the Exchange.

“**Restricted Securities**” means Equity Securities that have inferior voting rights to another class of securities of the issuer, and may include Non-Voting Securities, Subordinate Voting Securities and Restricted Voting Securities.

“**Restricted Voting Securities**” means Restricted Securities that carry a right to vote subject to a restriction on the number or percentage of securities that may be voted by a shareholder or combination of shareholders, other than a restriction that is permitted or required by statute that is only applicable to non-residents or non-citizens of Canada.

“**Resulting Issuer**” means the combined or new Person continuing or formed, respectively, as a result of a Qualifying Transaction.

“**Security Based Compensation Arrangement**” includes:

- (1) stock option plans for the benefit of employees, insiders, directors, officers, consultants or service providers or any one of such groups;

- (2) individual stock options granted to employees, service providers or insiders if not granted pursuant to a plan previously approved by the Listed Issuer's security holders;
- (3) stock purchase plans where the Listed Issuer provides financial assistance or where the Listed Issuer matches the whole or a portion of the securities being purchased;
- (4) stock appreciation rights involving issuances of securities from treasury;
- (5) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Listed Issuer; and
- (6) security purchases from treasury by an employee, insider or service provider which is financially assisted by the Listed Issuer by any means whatsoever.

**“Senior Management”** means executive officers and other persons exercising executive functions and who are responsible for the management of the company and accountable to the board of directors of the Listed Issuer.

**“Special Purpose Acquisition Corporation” or “SPAC”** means an issuer that does not have an operating business or a specific business plan or that has indicated that its business plan is to engage in a merger or acquisition of, by or with a business or businesses (without any binding agreement to do so at the time of the IPO final prospectus) within a specific period of time.

**“Specified SPAC Securities”** means unlisted securities of a SPAC purchased by its Founding Security Holders under the IPO prospectus, concurrently with the IPO prospectus on the same terms, or under a rights offering by the SPAC and into which the SPAC’s listed securities are convertible or exercisable in the event of the completion of a Qualifying Transaction.

**“Structured Product”** means a financial instrument that has the characteristics of a base instrument (such as a note, warrant or other instrument) with economic exposure to one or more reference asset(s), index (indices), portfolio(s), or combination thereof, but is not an ETF or CEF.

***Commentary:***

*The Exchange is recognized to carry on business as an exchange for the listing and trading of securities. A product may be considered a security if:*

- 1. The issuer receives payment of the purchase price on the delivery of the product (the listed security),*
- 2. The purchaser is under no obligation to make any additional payment beyond the purchase price as a margin deposit, margin, settlement or other such amount during the life of the product or at maturity, and*
- 3. The terms of the product do not include margin requirements based on a market value of its underlying interest.*

*Examples of products that are securities include: notes whose return is linked to the price increase of a reference portfolio or to an index, principal protected equity index-linked notes, and interest coupons and notes without coupons based on debt securities of an issuer. An example of a product which is not a security is a listed option or a futures contract.*

*The Exchange may request the issuer to participate in consultations with the relevant regulators where questions regarding the nature of the product arise.*

“**Structured Product Issuer**” mean an issuer of a Structured Product.

“**Subordinate Voting Securities**” means Restricted Securities that carry a right to vote where there is another class of shares outstanding that carry a greater right to vote on a per-security basis.

“**Super-Voting Securities**” means, with respect to any class of Restricted Securities of a Listed Issuer, any class of securities of the Listed Issuer that carry a greater right to vote on a per-security basis.

## 1.02 Interpretation

- (1) A company is an affiliate of another company if one of them is a subsidiary of the other or if both are subsidiaries of the same company or if each of them is controlled by the same Person.
- (2) The division of this Listing Manual into separate parts, divisions, sections, subsections, clauses and commentary, and the provision of a table of contents and headings, is for convenience of reference only and shall not affect the construction or interpretation of the Listing Manual.
- (3) The words “hereof,” “herein,” “hereby,” “hereunder” and similar expressions mean the whole of this Listing Manual and not simply the particular provision in which the term is mentioned, unless the context clearly indicates otherwise.
- (4) The word “or” is not exclusive.
- (5) The word “including,” when following any general statement or term, does not limit the meaning of the general statement or term to the specific matter immediately following the statement or term.
- (6) Unless otherwise specified, any reference to a statute includes that statute and the regulations made pursuant to that statute, with all amendments made and in force from time to time, and to any statute or regulation that supersedes that statute or regulation.
- (7) Unless otherwise specified, any reference to a rule, policy, blanket order or instrument includes all amendments made and in force from time to time, and to any rule, policy, blanket order or instrument that supersedes that rule, policy, blanket order or instrument.
- (8) Grammatical variations of any defined term have the same meaning.
- (9) Any word imputing gender includes the masculine, feminine and neutral genders.
- (10) Any word in the singular includes the plural and vice versa.

- (11) All references to time in the Exchange Requirements are to Eastern Time in Toronto, Ontario unless otherwise stated.
- (12) All references to currency in the Exchange Requirements are to Canadian dollars unless otherwise stated.

### 1.03 General Discretion of the Exchange

- (1) The Exchange Requirements have been put in place to serve as guidelines to issuers seeking and maintaining a listing on the Exchange and their professional advisers. However, the Exchange reserves the right to exercise its discretion in its application of the Exchange Requirements. The Exchange may waive or modify an existing requirement or impose additional requirements in applying its discretion. It may take into consideration the public interest, including market integrity issues, and any facts or situations unique to a particular party or security. Issuers are reminded that listing on the Exchange is a privilege and not a right. The Exchange may grant or deny an application, including an application for listing, notwithstanding that the issuer has met the published Exchange Requirements.
- (2) Without limiting the generality of the foregoing, the Exchange may consider the following factors when exercising its general discretion:
  - (a) *Track Record*: Whether the issuer, asset manager or fund sponsor has a history of profitable operations or, if not, significant revenues;
  - (b) *Quality of Management*: Whether the issuer's directors, officers and controlling shareholders, or those of the asset manager or fund sponsor, have a regulatory history or reputation that gives rise to concerns that the business of the issuer will not be conducted with integrity or due regard to the interests of shareholders;
  - (c) *Characteristics of Underlying Assets of ETPs*: Whether the CEF, ETF or Structured Product is suitable for listing on the Exchange having regard to the liquidity and transparency of the pricing of the underlying assets;
  - (d) *Characteristics of Issuer and Type of Security of Structured Products*: Whether the Structured Product is suitable for listing on the Exchange having regard to the financial size of the Structured Product Issuer, and the nature of the security, including whether it is convertible;
  - (e) *Liquid Market*: Whether the conditions that promote a liquid and orderly market in the Listed Securities exist;
  - (f) *Review of Filings*: Whether a review of public and other filings raise market integrity or public interest concerns, or concerns that the business of the issuer will not be conducted with integrity or due regard to the interests of shareholders; and
  - (g) *Related Party Involvement*: Whether the involvement of Related Parties in transactions of the issuer gives rise to concerns that the business of the issuer will not be conducted with integrity or due regard to the interests of shareholders.

- (3) The Exchange may request any other documentation or information as part of the initial and ongoing listing requirements in order to confirm that the issuer is suitable for listing and/or meeting Exchange Requirements.

#### **1.04 Compliance with Canadian Securities Legislation**

A Listed Issuer will be subject to Canadian securities legislation as a reporting issuer that is not a “venture issuer” and that is a “non-venture issuer” and must meet those requirements.



## PART II. INITIAL LISTING REQUIREMENTS

### 2.01 General

- (1) This part of the Manual is applicable to issuers seeking to list a class or series of securities on the Exchange.
- (2) The Exchange has set out minimum listing standards for:
  - (a) Corporate issuers (including SPACs);
  - (b) CEFs;
  - (c) ETFs; and
  - (d) Structured Products.
- (3) The Exchange may in its discretion apply alternative criteria where appropriate (see section 1.03).

#### ***Commentary:***

*With respect to an application (or proposed application) to list securities of a CEF or ETF, or to list a Structured Product, where the securities: (i) introduce novel characteristics or features into the Canadian capital markets; and (ii) will not be issued pursuant to a prospectus, the issuer shall submit a letter identifying similar products in Canada that have been offered through a receipted prospectus. The Exchange will review the submission of the issuer and will analyze whether or not the product proposed to be listed is novel. The Exchange will inform the Ontario Securities Commission Investment Funds and Structured Products Branch of the filing.*

### 2.02 Minimum Listing Standards – Corporate Issuers

- (1) *Minimum Distribution* – Public Float of 1,000,000 securities together with a minimum of 300 Public Security Holders each holding at least a Board Lot.
- (2) *Minimum Price* – \$2 per security, unless the applicant is an Other Listed Issuer, is listed on an Accepted Foreign Exchange, or the Listed Issuer will result from a transaction (e.g. a reverse take-over transaction) involving a Listed Issuer, an Other Listed Issuer or a reporting issuer in Canada.
- (3) *Issuer Criteria* – An applicant must demonstrate at the time of the application to list on the Exchange that it meets or will, at the time of listing, meet the requirements of at least one of the following categories:
  - (a) Equity Standard:
    - (i) Shareholders' equity of at least \$5,000,000,
    - (ii) An operating history of at least two years, and

- (iii) Expected market value of Public Float of at least \$10,000,000 or

**Commentary:**

*The Exchange recognizes that an operating history of two years may not be available or applicable to a proposed issuer that would otherwise meet the Equity Standard. In lieu of an operating history, the Exchange may consider the following factors on a case-by-case basis:*

- *The nature of the proposed issuer's business and industry;*
- *The proposed issuer's business plan;*
- *The experience and qualifications of its Senior Management;*
- *The type and quality of the issuer's assets; and*
- *Such other factors that may be relevant to a going concern determination.*

- (b) Net Income Standard:

- (i) Net income of at least \$750,000 from continuing operations in the last fiscal year or in two of the last three fiscal years,
- (ii) Shareholders' equity of at least \$2,500,000, and
- (iii) Expected market value of Public Float of at least \$5,000,000 or

- (c) Market Value Standard:

- (i) Market value of all securities of at least \$50,000,000, based on either
- (A) the market value of securities listed on a Recognized Exchange or an Accepted Foreign Exchange or both, or
- (B) the amount derived from combining the market value of securities listed on a Recognized Exchange or an Accepted Foreign Exchange or both and an additional offering of securities concurrent with the listing application,

where the market value of the securities on the other exchange(s) under both (A) and (B) must have been maintained for at least 90 consecutive trading days before the date of the application to list on the Exchange,

- (ii) Shareholders' equity of at least \$2,500,000, if the market value standard is met under (i)(B), and
- (iii) Expected market value of Public Float of at least \$10,000,000 or

- (d) Assets and Revenue Standard:

- (i) Total assets and total revenues of at least \$50,000,000 each in the last fiscal year or in two of the last three fiscal years, and
- (ii) Expected market value of Public Float of at least \$5,000,000.

- (4) *Working Capital and Capital Structure* – Adequate working capital to carry on business and an appropriate capital structure.
- (5) *Investor Relations Requirement* – At the time of the application to list on the Exchange, an applicant must have:
  - (a) A written investor relations strategy, and
  - (b) An annual investor relations budget of at least \$50,000.

**Commentary:**

*The Exchange will review the investor relation strategy to confirm it is being used to provide information which facilitates informed investment decisions. Acceptable expenses include: maintaining IR web site, presentations to institutional and retail investors, research, staff compensation, annual reports, news release dissemination and media monitoring.*

- (6) *Supplemental Listings* – A Listed Issuer or an Other Listed Issuer may apply to have a new class or series of securities listed and posted for trading on the Exchange, subject to the following:
  - (a) A Listed Issuer, or an Other Listed Issuer that is not a “venture issuer” and that is a “non-venture” issuer under Canadian securities legislation, must meet the following standards to qualify for listing on the Exchange:
    - (i) *Good Standing* – The issuer must be in good standing and not subject to delisting review by any Recognized Exchange; and
    - (ii) *Minimum Distribution* - 150 Public Security Holders each holding at least a Board Lot (or \$1,000 in the case of convertible debentures) and for securities other than convertible debentures, a Public Float of at least 150,000 securities.
  - (b) In addition to the requirements above, an Other Listed Issuer that is a “venture issuer” must also demonstrate that it meets the issuer criteria set out in section 2.02(3) in order for its securities to be considered for a supplemental listing.

**Commentary:**

*Supplemental listings may include warrants, preference shares, convertible debentures or any other security convertible or asset-backed security.*

*A supplemental listing by a venture issuer may result in such issuer becoming a “non-venture” issuer under Canadian securities legislation, which would require the issuer’s main listed security to meet the listing criteria under subsection 2.02(3) of the Listing Manual.*

- (7) *SPACs* – Subsections 2.02 (1), (3), (4) and (5) do not apply to a SPAC. An issuer that is a SPAC must meet the following standards to qualify for listing on the Exchange:
- (a) public Float of 1,000,000 securities together with a minimum of 150 Public Security Holders each holding at least a Board Lot;
  - (b) expected market value of Public Float of at least \$30,000,000 at time of listing; and
  - (c) the criteria prescribed in section 10.16.

### **2.03 Minimum Listing Standards – Closed End Funds**

- (1) *Minimum Distribution* – Public Float of 1,000,000 securities together with a minimum of 300 Public Security Holders each holding at least a Board Lot;
- (2) *Net Asset Value* – A CEF must have a net asset value of at least \$10,000,000.
- (3) *Publication of Net Asset Value* – A CEF must provide the Exchange with a representation that the net asset value will be made publicly available each business day.

### **2.04 Minimum Listing Standards – Exchange Traded Funds**

- (1) *Net Asset Value* – An ETF must have a net asset value of at least \$1,000,000.
- (2) *Publication of Net Asset Value* – An ETF must provide the Exchange with a representation that the net asset value will be made publicly available each business day.

### **2.05 Minimum Listing Standards – Structured Products**

- (1) *Minimum Distribution* – Public Float of 1,000,000 securities together with a minimum of 300 Public Security Holders each holding at least a Board Lot.
- (2) *Minimum Public Float Value* – \$1,000,000.

#### ***Commentary:***

*For some Structured Products, the distribution or Public Float of the Structured Product may not be relevant to the Exchange’s review, for example, where the Structured Product is convertible into the underlying securities or asset, or into cash. In such cases, the Exchange’s review will focus on the issuer and the liquidity (directly, or in the case of an index or portfolio, indirectly) of the underlying assets and/or securities. The Exchange may consider, among other things, where the underlying assets and/or securities are traded, the transparency of trading prices, distribution, float and trading volume.*

- (3) *Assets of the Structured Product Issuer* – A Structured Product Issuer must have assets in excess of \$100,000,000.

- (4) *Other Requirements* – A Structured Product Issuer must (i) be, or be an affiliate of, a Listed Issuer, Other Listed Issuer or Foreign Issuer, or (ii) be a trust company, asset manager or financial institution with substantial capital, surplus and experience.
- (5) *Publication of Net Asset Value* – A Structured Product Issuer must provide the Exchange with a representation that the net asset value will be publicly available each business day.

## 2.06 Minimum Listing Standards – Debt-Based Structured Products

- (1) *Minimum Distribution* – Public Float of 1,000,000 securities together with a minimum of 300 Public Security Holders each holding at least \$1,000 of the debt-based Structured Product.
- (2) *Minimum Public Float Value* – \$1,000,000.

### **Commentary:**

*For some debt-based Structured Products, the distribution or Public Float may not be relevant to the Exchange's review, for example, where the Structured Product is convertible into the underlying securities or asset, or into cash. In such cases, the Exchange's review will focus on the Structured Product Issuer and the liquidity (directly, or in the case of an index or portfolio, indirectly) of the underlying assets and/or securities. The Exchange may consider, among other things, where the underlying assets and/or securities are traded, the transparency of trading prices, distribution, float and trading volume.*

- (3) *Term* – The issue has a term of not greater than 30 years.
- (4) *Assets of Structured Product Issuer* – A Structured Product Issuer must have assets in excess of \$100,000,000.
- (5) *Tangible Net Worth of Structured Product Issuer* – A Structured Product Issuer must have a minimum tangible net worth in excess of \$100,000,000.
- (6) *Other Requirements* – A Structured Product Issuer must (i) be, or be an affiliate of, a Listed Issuer, Other Listed Issuer or Foreign Issuer, or (ii) be a trust company, asset manager or financial institution with substantial capital, surplus and experience.
- (7) *Publication of Net Asset Value* – The Structured Product Issuer must provide the Exchange with a representation that the net asset value will be made publicly available each business day.

## 2.07 Management of Listed Issuers

- (1) The Exchange considers the quality of management of its Listed Issuers to be an important consideration for investors and important for market confidence.
- (2) Management must act with integrity. The Exchange may review the conduct of any Insider of a Listed Issuer. The Exchange must be satisfied that the business and affairs of the Listed Issuer will be conducted with integrity and in the best interests of security holders, and that

the Listed Issuer will comply with the Exchange Requirements and applicable securities and corporate laws, and the constating documents of the Listed Issuer.

**Commentary:**

*In particular, an issuer will not be approved for listing if any Insider has been convicted of fraud, breach of fiduciary duty, violations of securities legislation (other than minor violations that do not give rise to investor protection or market integrity concerns) unless the issuer severs relations with such Person to the satisfaction of the Exchange.*

*An issuer may not be approved for listing if any Insider has entered into a settlement agreement with a securities regulatory authority or is associated with any Person who would disqualify an issuer for listing.*

- (3) Management must have knowledge and expertise relevant to the business of the issuer.

## **2.08 Other Listed Issuers**

- (1) An Other Listed Issuer can apply to list its securities on the Exchange by following the procedures set out in this Part. Upon acceptance, the Other Listed Issuer will become a Listed Issuer and subject to all of the provisions of this Listing Manual unless explicitly exempted by the Exchange. Notwithstanding anything else herein, such issuer must contemporaneously File all documents filed with the other Recognized Exchange with the Exchange as required by this Listing Manual.
- (2) Other Listed Issuers may apply to list on the Exchange in a halted state pending a reverse take-over transaction even when it does not comply with the Minimum Listing Standards set out in section 2.02, subject to the applicant providing the Exchange with sufficient information to: (i) assess the proposed transaction in its entirety, and (ii) demonstrate that the issuer resulting from the proposed transaction will meet the Minimum Listing Standard to be listed on the Exchange.
- (3) The Exchange will consider granting exemptions in respect of provisions of this Listing Manual for Other Listed Issuers.

**Commentary:**

*Exemptions may be granted from this Listing Manual where the Exchange is satisfied that the issuer is subject to substantially similar requirements as those contained in this Listing Manual.*

*Where an exemption has been granted to the Other Listed Issuer by another Recognized Exchange on which its securities are listed, the Exchange will not automatically grant a similar exemption. The Exchange will consider granting an exemption upon application by the Other Listed Issuer and upon consideration of the merits of such application.*

## 2.09 Foreign Issuers

- (1) A Foreign Issuer can apply to list its securities on the Exchange by following the procedures set out in this Part. Upon acceptance, the Foreign Issuer is subject to all of the provisions of this Listing Manual unless explicitly exempted by the Exchange and, notwithstanding anything else herein, such issuer must contemporaneously File all documents filed with the Accepted Foreign Exchange with the Exchange as required by this Listing Manual, translated if necessary into English and/or French.
- (2) A Foreign Issuer must be able to satisfy all of its reporting and public company obligations in Canada.
- (3) If the Foreign Issuer has its head office outside Canada, as long as it is listed on the Exchange, such issuer must appoint an agent for service of process and maintain an address for service within Canada and must agree to attorn to the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (4) The Exchange will consider granting exemptions in respect of provisions of this Listing Manual for Foreign Issuers.

### ***Commentary:***

*Foreign Issuers are subject to all applicable Canadian securities legislation unless exemptions are obtained from the relevant securities commission(s).*

*An exemption may be granted from the Listing Manual where the Exchange is satisfied that the issuer is subject to a substantially similar regulatory and exchange listing regime as in Canada, as well as similar requirements as those contained in this Listing Manual.*

*The Exchange may require a Foreign Issuer to establish that its original listing jurisdiction has substantially similar requirements to those required by the Exchange Requirements and Ontario securities legislation, and may require that the Foreign Issuer provide a legal opinion or other documentation in support of an exemption from the Listing Manual. The Exchange may publish additional guidance concerning the availability of exemptions from the Listing Manual for Foreign Issuers, and may publish a list of Accepted Foreign Exchanges.*

## 2.10 Emerging Market Issuers

- (1) In addition to the initial listing requirements contained in this Part, an EMI that applies to list its securities on the Exchange must meet the requirements set out below. This section does not apply to an Other Listed EMI with a continuous disclosure record in Canada that is migrating its securities from a Recognized Exchange with listing requirements applicable to EMIs. An Other Listed EMI is subject to the ongoing requirements set out in Parts IV, VII and X of the Listing Manual, as applicable.

**Commentary:**

*The purpose of these requirements is to help mitigate the potential risks associated with listing securities of Emerging Market Issuers identified by the Canadian securities regulatory authorities. Each EMI applicant must review OSC Staff Notice 51-720 (and any other OSC requirements and guidance published from time to time) and consider the specific risks applicable to its business.*

(2) Pre-filing Meeting

An EMI applying to list its securities on the Exchange must arrange a pre-filing meeting with the Exchange to discuss the proposed listing application.

**Commentary:**

*The general purpose of the pre-filing meeting is to:*

- *address any questions related to the listing process generally;*
- *determine whether the applicant is an EMI;*
- *identify the requirements that will apply to the listing application and subsequent ongoing listing; and*
- *discuss any other issues of concern.*

(3) Identification, Assessment and Disclosure of Emerging Market Issuer Risks

An EMI must identify, assess and adequately disclose the emerging market issuer risks and related matters that are applicable to its business as set out in OSC Staff Notice 51-720.

**Commentary:**

*An EMI's public disclosure should at a minimum:*

- *meet all applicable requirements of Canadian securities legislation;*
- *identify the risk factors generally applicable to operating in an Emerging Market jurisdiction;*
- *capture issues, risks and characteristics unique to operating in the particular Emerging Market jurisdiction(s) in which the applicant has significant operations;*
- *provide a factual description and an analysis of the applicable risks and how they may impact operations; and*
- *use plain language.*

(4) Communication

(a) An EMI operating in an Emerging Market jurisdiction where English or French is not the official or de facto language must at the time of the listing application and on an ongoing basis:

- (i) identify to the Exchange the Senior Management and directors who are fluent in English in addition to the language(s) of the applicable Emerging Market jurisdiction;



- (ii) demonstrate to the satisfaction of the Exchange how any potential language barriers will be addressed: (A) among Senior Management; (B) between Senior Management and its advisors (e.g. legal counsel and auditors); and (C) between the issuer's staff in Canada and in the Emerging Market jurisdiction; and
- (iii) File a certified English translation of all documents that the issuer is required to File with the Exchange that are prepared in a language other than English or French.

***Commentary:***

*Where appropriate, the Exchange may as a condition of listing on the Exchange require the EMI to implement and File a communication plan that addresses to the satisfaction of the Exchange any language and/or time zone barriers.*

(5) Senior Management and Directors

- (a) In addition to the suitability requirements in section 2.07 of the Listing Manual, the EMI must:
  - (i) demonstrate to the satisfaction of the Exchange that its Senior Management and board of directors, when taken as a whole, has adequate knowledge of and/or experience with Canadian public company requirements or demonstrate that adequate knowledge of Canadian public company requirements will be obtained prior to listing;
  - (ii) demonstrate to the satisfaction of the Exchange that its Senior Management and board of directors, when taken as a whole, has adequate experience and technical expertise relevant to the EMI's business and industry; and
  - (iii) identify each of its Senior Management and board members that has experience conducting business in the relevant Emerging Market jurisdiction.

***Commentary:***

*The Exchange expects at least one director to have significant expertise and experience conducting business in the applicable Emerging Market jurisdiction. Where appropriate, the Exchange may require an EMI to adopt robust policies, procedures and processes designed to ensure the EMI's Senior Management and board of directors have adequate knowledge of the local business environment and/or public company reporting obligations in Canada.*

- (b) A properly qualified and experienced CFO is critical to mitigating the potential risks identified in OSC Staff Notice 51-720. An EMI must demonstrate to the satisfaction of the Exchange that the CFO:

- (i) is financially literate as defined in National Instrument 52-110 *Audit Committees*;
- (ii) has the appropriate background and experience in an accounting, auditing or financial role;

**Commentary:**

*The Exchange will consider previous public company experience as a CFO, controller, treasurer or auditor and/or a professional accounting designation as factors weighing in support of an individual's suitability as CFO.*

- (iii) has the requisite understanding of and the ability to develop and implement an appropriate financial reporting and internal controls framework in accordance with Canadian securities legislation;
- (iv) has the required understanding of the business and legal environment in the relevant Emerging Market jurisdiction; and
- (v) communicates with the CEO, audit committee and board of directors of the EMI, as required, to discharge his or her obligation.

(6) Corporate Governance

The Exchange will examine the composition and qualifications of the EMI's Senior Management and board of directors taking into account the nature of the EMI's business and the principal jurisdiction of its business operations.

- (a) The Exchange also expects an EMI to have implemented, by the time of listing on the Exchange, any corporate governance policies required to adequately mitigate the risks identified in its disclosure. Such policies may include:
  - (i) anti-bribery,
  - (ii) anti-corruption,
  - (iii) communication,
  - (iv) conflicts of interest disclosure,
  - (v) related party transactions,
  - (vi) whistle blowing, and
  - (vii) other corporate governance policies.
- (b) Where appropriate, the Exchange may direct an EMI to implement any such policy required to adequately mitigate the risks identified in its disclosure as a condition of listing on the Exchange.

- (c) In addition to the corporate governance requirements in Part X, an EMI must also have in place certain governance structures to ensure there is sufficient independent oversight of management by the board of directors.

**Commentary:**

*For example, for an EMI with a security holder who owns more than 50% of the votes attached to equity securities of the EMI and who is also an officer of the EMI, the Exchange may require the EMI to have a majority of independent directors.*

- (d) An EMI's board of directors must provide evidence, satisfactory to the Exchange, of sufficiency of its independence from management, which may generally be demonstrated by the following:
- (i) an independent director as chair;
  - (ii) at least one independent director with relevant experience in one or more Emerging Market jurisdictions; and
  - (iii) at least two independent directors with relevant public company experience in a non-Emerging Market jurisdiction, at least one of whom is a resident of Canada.

**Commentary:**

*In evaluating the overall suitability of an EMI's board of directors, the Exchange will also consider whether the independent directors have historically, if applicable, and/or plan to carry out regular site visits at the location of the principal business operations as part of exercising their mandate and oversight of senior and local management.*

- (e) An EMI's audit committee must, when evaluated as a whole, have:
- (i) relevant Canadian experience, including general familiarity with securities legislation requirements relating to continuous disclosure obligations as well as financial reporting skills;
  - (ii) a thorough understanding of the local legal and political, as well as cultural and business practices in the Emerging Market jurisdiction; and
  - (iii) experience supervising international audit engagements for public companies.

**Commentary:**

*In evaluating the overall suitability of an EMI's audit committee, the Exchange considers the qualifications of the audit committee as a whole. Each individual member of an EMI's audit committee must meet the applicable suitability requirements set out in National Instrument 52-110 Audit Committees.*

(7) Experts

(a) Foreign Experts and Advisers

- (i) An EMI must demonstrate to the satisfaction of the Exchange that its experts, including valuers, tax advisers, auditors and underwriters, have the experience, expertise and resources available to effectively mitigate the risks inherent in relying on foreign experts and advisers identified in OSC Staff Notice 51-720.
- (ii) An EMI should exercise reasonable care in evaluating the credentials and expertise of these experts and professionals in order to ensure that the qualifications of these professionals are similar to the standards in other non-Emerging Market jurisdictions.

(b) Canadian Experts and Advisers

An EMI must demonstrate to the satisfaction of the Exchange that its Canadian experts and industry professionals have sufficient knowledge of laws and rules of the applicable Emerging Market jurisdiction and experience in advising entities operating in that jurisdiction.

(8) Auditors

An EMI must demonstrate to the satisfaction of the Exchange that its auditors have the experience, expertise and resources available to effectively mitigate the applicable risks identified in OSC Staff Notice 51-720. This requirement applies to existing auditors at the time of listing and in respect of any proposed change of auditors after becoming a Listed Issuer.

***Commentary:***

*The Exchange will consider:*

- *the size, general resources and reputation of the auditor, including whether the auditor has the ability to communicate effectively with Senior Management and the board of directors and, in particular, the audit committee;*
- *whether the auditor is a “participating audit firm” as defined in National Instrument 52-108 Auditor Oversight in good standing with the Canadian Public Accountability Board;*
- *whether the auditor is in compliance with any restrictions, sanctions or remedial action imposed by the local governing body; and*
- *whether the auditor has demonstrated that it has the ability to directly execute or supervise the audit field work necessary to support the audit opinion and evaluate any internal control system of an EMI either directly or indirectly through an affiliated component auditor.*

*The Exchange may require a change of auditors as a condition of listing in cases where there is an indication that the EMI’s incumbent auditor will not be able to adequately discharge its duties.*

(9) Internal Financial Reporting Controls

An EMI must demonstrate to the satisfaction of the Exchange that its internal controls over financial reporting matters adequately address the following factors:

- (a) the differences in banking systems and controls between jurisdictions in which the EMI operates;
- (b) any limitations on the flow of funds between those jurisdictions; and
- (c) any differences in business cultures and business practices between jurisdictions in which it operates.

**Commentary:**

*In exceptional circumstances, the Exchange may request an independent review of the EMI's internal control system as a condition of listing on the Exchange.*

(10) Ownership of Assets and Ability to Conduct Operations

An issuer must ensure information provided to the Exchange relating to assets and approvals in the Emerging Market jurisdiction is complete and accurate and provide additional information, as required.

**Commentary:**

*The Exchange may require legal opinions in order to determine whether there are any unacceptable risks relating to ownership of assets and the ability of the EMI to conduct its operations.*

*Where any of the EMI's principal properties or assets are located in an Emerging Market jurisdiction, the Exchange may require a legal opinion that the EMI has the ability to exercise control over the assets.*

*The Exchange may require, where appropriate, a legal opinion that the EMI has the required permits, licenses and other applicable governmental and regulatory approvals to carry out its business operations in the relevant Emerging Market jurisdiction.*

(11) Corporate and Capital Structure

Where an EMI intends to employ a non-traditional corporate or share capital structure, including a variable interest entity or a special-purpose entity, the EMI's public disclosure should describe the proposed non-traditional corporate or share capital structure and provide an explanation as to why the structure is necessary in the given circumstances, and the risks associated with the structure.

**Commentary:**

*Where the Exchange has concerns over the validity of the structure, the Exchange may require a legal opinion describing how the EMI's board of directors and management has effective control of the EMI and its assets.*

*The legal opinion should address, among other things, the legality of the EMI's non-traditional corporate structure, the EMI's ability to enforce contracts and repatriate assets within and from the Emerging Market and recourse rights of security holders of the EMI against the EMI's assets. Comprehensive disclosure regarding any non-traditional corporate structure and any risks associated with the use of such a structure should also be included.*

(12) Nexus to Canada

An EMI must demonstrate to the satisfaction of the Exchange sufficient ties to Canada to merit a public listing on a Canadian exchange.

(13) Agent for Service

An EMI must appoint an agent for service of process and maintain an address for service within Canada and must agree to attorn to the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(14) Background Checks

An EMI must provide any required information to allow the Exchange to conduct local background checks on the EMI's Senior Management, board members, any Insiders and any other associated individuals it may deem relevant. The Exchange may also conduct local corporate background checks on an EMI and any of its affiliates and/or subsidiaries. Background checks are outsourced to private investigative firms and the EMI will be required to prepay any related expenses.

(15) Waivers

The Exchange may waive the requirements in this section on a case-by-case basis depending on the facts and circumstances specific to each EMI.

(16) Additional Requirements

The Exchange may, in its discretion, impose additional requirements on a case-by-case basis, depending on the facts and circumstances specific to each EMI, as a condition of listing on the Exchange.

## **2.11 Listing Transactions that Do Not Involve an Agent, Underwriter or Canadian Securities Regulatory Authority**

- (1) In light of the increased risks associated with an application to list securities of an issuer: (i) for which no IIROC member or other suitable third party has concurrently conducted due diligence, or (ii) that does not involve a prospectus reviewed by a Canadian securities regulatory authority, the application to list securities on the Exchange will be subject to additional requirements and/or increased scrutiny by the Exchange.

**Commentary:**

*When assessing whether to impose additional requirements, the Exchange may consider the following factors:*

1. *whether the issuer is an Emerging Market Issuer;*
2. *the size, nature and location of the issuer's business or assets;*
3. *whether the issuer is subject to analogous regulation in its home jurisdiction; and*
4. *the length of time since due diligence has last been conducted by a third party (ex: by an underwriter) or since the issuer has filed a prospectus.*

- (2) The Exchange may require:
  - (a) additional submissions to be Filed by the issuer or other experts, including title and other legal opinions;
  - (b) due diligence or other reports to be prepared by a third party (who may be required to be an IIROC member); and/or
  - (c) that the issuer file a non-offering prospectus with a Canadian securities regulatory authority.
- (3) Issuers described in this section that are applying to list their securities on the Exchange must arrange a pre-filing meeting with the Exchange to discuss their application and any additional information or other requirements that will be applicable.

## 2.12 Escrow

- (1) An issuer other than an ETP, applying for listing in conjunction with an initial public offering must have an escrow agreement with its principals that complies fully with the requirements of National Policy 46-201 *Escrow for Initial Public Offerings* (“**NP 46-201**”) respecting established issuers. The Exchange will require the issuer to provide a draft of such escrow agreement(s) to the Exchange for review prior to its execution.

**Commentary:**

*An escrow agreement is generally not considered necessary for any issuer that has a market capitalization of at least \$100 million (i.e., an “exempt issuer” under paragraph 3.2(b) of NP 46-201).*

- (2) A SPAC applying for listing in conjunction with its initial public offering and Qualifying Transaction must have an escrow agreement with its founding security holders that complies fully with NP 46-201 respecting established issuers and that defines the listing date, for purposes of the release of escrowed securities, as the date of closing of a Qualifying Transaction of the respective SPAC, or provide an alternative mechanism that is satisfactory to the Exchange.

- (3) For escrow agreements required by the Exchange, a Listed Issuer may apply to the Exchange to:
  - (a) amend the terms of existing escrow agreements required by the Exchange;
  - (b) request the transfer of securities within escrow; or
  - (c) request the early release of securities from escrow, if applicable.
- (4) For escrow agreements required under NP 46-201, or required by another exchange or other entity, Listed Issuers must apply to the relevant securities commission, exchange or entity which originally required the escrow agreement for any specific request to amend the terms of the escrow agreement.
- (5) Transfers of Listed Securities escrowed pursuant to Exchange Requirements require the prior written consent of the Exchange. Except as specifically provided in this Manual and in the escrow agreement, securities of principals of a Listed Issuer may only be transferred to new or existing principal of a Listed Issuer in accordance with the following terms and subject to any legal or other restriction on transfer, and with the approval of the Listed Issuer's board of directors. To apply for a transfer within escrow, the Listed Issuer or owner of the escrowed securities must submit the following documents to the Exchange:
  - (a) a letter requesting transfer within escrow, identifying the registered and beneficial owner of the escrowed securities (including name and address) and the proposed registered and beneficial owner of the escrowed securities after giving effect to the transfer. The letter must confirm that the transferee is a principal of the Issuer or such other permitted transferee;
  - (b) a copy of the escrow security purchase agreement;
  - (c) a document signed by the transferee consenting to be bound by the terms of the escrow agreement; and
  - (d) a letter from the escrow agent confirming the escrow securities currently held in escrow under the escrow agreement, including the names of the registered owners and the number of securities held by each.

### **2.13 Listing Application – Procedure**

- (1) The application for listing must include the following:
  - (a) an executed Listing Agreement (Form 1);

***Commentary:***

*A Listed Issuer is not required to File a new Listing Agreement if the Listed Issuer has previously Filed a Listing Agreement with the Exchange and it continues to be effective.*



- (b) a draft (initial) Listing Application (Form 1A or Form 1B, as applicable) together with the supporting documentation set out in Schedule A of the Listing Application (Form 1A or Form 1B, as applicable);
- (c) a draft Listing Document (including financial statements approved by the proposed Listed Issuer's board of directors and its audit committee, as applicable);

**Commentary:**

*An issuer that is applying to list securities on the Exchange without filing a prospectus as the Listing Document must arrange a pre-filing meeting with the Exchange to discuss the application and any additional information or other requirements that may be applicable.*

*An issuer that is a reporting issuer in Canada may submit a current AIF as its Listing Document, together with the issuer's most recent annual and interim financial statements, MD&A, and any additional documents or supplemental disclosure as required by the Exchange.*

*The Exchange will accept foreign-equivalent documents from an issuer that is an "SEC foreign issuer" or a "designated foreign issuer", as defined in National Instrument 71-102 – Continuous Disclosure and Other Exemptions Relating to Foreign Issuers.*

*The Exchange may accept, on a case-by-case basis, documentation from issuers that are not from a designated foreign jurisdiction provided that the disclosure is consistent with the requirements of National Instrument 51-102 Continuous Disclosure Obligations.*

- (d) a duly executed Personal Information Form (Form 3) from each Insider of the proposed Listed Issuer;

**Commentary:**

*If an Insider of the issuer has submitted a PIF to another Recognized Exchange or the OSC or other member of the CSA within the past 60 months, the Insider may submit a copy of such PIF as an attachment to the Exchange's Form 3. The Exchange will conduct its own background checks based on the information provided and may request additional information.*

*The PIF requirement is not applicable for a supplemental listing of securities of a Listed Issuer.*

*Insiders of Exchange-listed ETPs do not need to resubmit a PIF while they remain associated with the same fund manager (in the case of ETFs and CEFs) or financial institution (in the case of Structured Products) to which the previously-submitted PIF relates, provided there has been no material change to the previously submitted information. The Exchange may require a PIF from any individual associated with an ETP as it determines appropriate.*

- (e) such other documentation as the Exchange may require to assess the issuer's qualification for listing or to support the disclosures made in the Listing Document and other documents Filed in connection with the Listing Application; and

**Commentary:**

*The Exchange will require an issuer to file technical reports required to be filed with securities commissions under National Instrument 43-101 and geological reports supporting an issuer's National Instrument 51-101 disclosure, and may require the issuer to provide a summary.*

- (f) any applicable fees.
- (2) Following its review, the Exchange may conditionally approve, defer or decline the application.

**Commentary:**

*The Exchange will use its best efforts to review the application in a timely manner with due regard to any schedule for the filing of a prospectus or the timing of other transactions of the issuer pursued in connection with the Listing Application.*

- (3) If an issuer is conditionally approved, it has 90 days in which to File the final documentation set out in section 2.14. If an application is deferred, the issuer has 90 days in which to address the specific issues that caused deferral. If the issues are not addressed during that period to the satisfaction of the Exchange, the application will be declined.
- (4) Subject to a right of appeal, a declined issuer may not submit a new application until six months have elapsed from the date on which it was given notice that the application was declined.
- (5) Ontario securities law prohibits a Person with the intention of effecting a trade in a security from making any representation that a security will be listed on a stock exchange, or that application has been or will be made to list the security on a stock exchange unless:
  - (a) an application has been made to list the security and other securities issued by the same issuer are already listed on an exchange; or
  - (b) an exchange has granted conditional approval to the listing, or has otherwise consented to the representation.

An issuer that has been conditionally approved for listing by the Exchange may include in its final Listing Document a statement substantially similar to the following:

“NEO Exchange Inc. has conditionally approved the listing of these securities. Listing is subject to the issuer fulfilling all of the Exchange’s listing requirements on or before **[date stipulated by the Exchange]**, including the minimum distribution requirements.”

## **2.14 Documentation Required for Final Approval**

- (1) All issuers must submit the following documentation, as applicable, for final listing approval and posting of securities for trading on the Exchange:

- (a) a completed Listing Application (Form 1A or Form 1B, as applicable) together with any additions or amendments to the supporting documentation previously provided, as required by Schedule A to the Listing Application (Form 1A or Form 1B, as applicable);
  - (b) an executed copy of the final Listing Document and a blackline to the draft or preliminary Listing Document submitted with the initial listing application;
  - (c) a copy of a notice from the Clearing Corporation confirming the CUSIP number assigned to the proposed Listed Security;
  - (d) if the proposed Listed Securities are to be listed upon conclusion of a public offering, a copy of the receipt(s) for the final prospectus Filed as the Listing Document;
  - (e) a letter from the transfer agent stating that it has been duly appointed as transfer agent and registrar for the issuer;
  - (f) an opinion of counsel addressing the following matters, as applicable:
    - (i) that the issuer validly exists and is in good standing,
    - (ii) that the issuer is (or will be) a reporting issuer or equivalent under the securities legislation of **[state applicable jurisdictions]** and is not in default under such securities legislation,
    - (iii) that the issuer or any other entity on its behalf (e.g. manager, trustee), as applicable, has the power and capacity to own its properties and assets, to carry on its business as it is currently being conducted, including entering into any contractual arrangements, and to perform its obligations thereunder, and
    - (iv) that all proposed Listed Securities that are issued and outstanding or that may be issued upon conversion, exercise or exchange of other issued and outstanding securities are or will be duly issued and are or will be outstanding as fully paid and non-assessable securities; and
    - (v) such other matters as the Exchange may require.
  - (g) any applicable fees; and
  - (h) such other documentation as the Exchange may require.
- (2) If the Listed Issuer has offered an over-allotment option, the Listed Issuer must submit a Form 14C within 10 days after the option is exercised.

### PART III. CONTINUOUS LISTING REQUIREMENTS

Listed Issuers and Listed Securities must meet the following continuous listing criteria. Failure to meet any of the continuous listing criteria will be processed in accordance with the provisions of Part XI.

#### 3.01 Continuous Listing Requirements – Corporate Issuers

- (1) *Distribution* – Public Float of at least 500,000 securities together with a minimum of 150 Public Security Holders each holding a Board Lot;
- (2) *Minimum Public Float Value* – \$2,000,000; and
- (3) *Minimum Standards* – At least one of the following criteria must be met:
  - (a) Shareholders' equity of at least \$2,500,000;
  - (b) Net income from continuing operations of at least \$375,000;
  - (c) Market value of Listed Securities of at least \$25,000,000; or
  - (d) Assets and revenue of at least \$25,000,000 each.
- (4) *Supplemental Listing* – 50 Public Security Holders, each holding at least a Board lot (or \$1,000 for convertible debentures) and for securities other than convertible debentures, a Public float of at least 50,000 securities.
- (5) *Investor Relations Requirement* – maintain an annual investor relations budget of at least \$50,000. For a SPAC, this provision does not apply prior to the completion of a Qualifying Transaction.

#### 3.02 Continuous Listing Requirements – Closed End Funds

- (1) *Distribution* – Public Float of at least 500,000 securities together with a minimum of 150 Public Security Holders each holding a Board Lot;
- (2) *Net Asset Value* – A net asset value of at least \$3,000,000; and
- (3) *Calculation of Net Asset Value* – A CEF must be in compliance with its net asset value calculation requirements.

#### 3.03 Continuous Listing Requirements – Exchange Traded Funds

- (1) *Net Asset Value* – A net asset value of at least \$500,000; and
- (2) *Calculation of Net Asset Value* – An ETF must be in compliance with its net asset value calculation requirements.

**Commentary:**

*The securities of an ETF may be suspended or delisted if, in the opinion of the Exchange, the continued listing of such securities would not be consistent with preserving the overall quality of the market. In making its determination, the Exchange will consider the following factors about the securities, and any other relevant considerations: (i) the market value, (ii) the absence of a designated broker, (iii) the bid-ask spread, and (iv) the level of trading.*

**3.04 Continuous Listing Requirements – Structured Products**

- (1) *Distribution* – Public Float of at least 500,000 securities together with a minimum of 150 Public Security Holders each holding a Board Lot;
- (2) *Minimum Public Float Value* – \$500,000;

**Commentary:**

*For some Structured Products, the distribution or Public Float of the Structured Product may not be relevant for the purposes of the continuous listing requirements. See the Commentary following section 2.05(2).*

- (3) *Other Criteria* – The Structured Product Issuer must continue to satisfy the requirements set out in sections 2.05(3) and (4); and
- (4) *Calculation of Net Asset Value* – The Structured Product Issuer must be in compliance with its net asset value calculation requirements.

**3.05 Continuous Listing Requirements – Debt-Based Structured Products**

- (1) *Distribution* – Public Float of at least 500,000 securities together with a minimum of 150 Public Security Holders each holding at least \$1,000 of the debt-based Structured Product;
- (2) *Minimum Public Float Value* – \$500,000;

**Commentary:**

*For some debt-based Structured Products, the distribution or Public Float of the Structured Product may not be relevant for the purposes of the continuous listing requirements. See the Commentary following section 2.06(2).*

- (3) *Other Criteria* – The Structured Product Issuer must continue to satisfy the requirements set out in sections 2.06(4), (5) and (6); and
- (4) *Calculation of Net Asset Value* – The Structured Product Issuer must be in compliance with its net asset value calculation requirements.

## PART IV. ONGOING REQUIREMENTS

### 4.01 Changes to Insiders

- (1) A Listed Issuer must promptly notify the Exchange upon any change of Insiders of the Listed Issuer.
- (2) A Listed Issuer must File a Personal Information Form (Form 3) on behalf of every new Insider within 10 business days of their becoming an Insider of a Listed Issuer.

**Commentary:**

*If an Insider of the Listed Issuer has submitted a PIF to another Recognized Exchange or the OSC or other member of the CSA within the past 36 months, the Insider may submit a copy of such PIF as an attachment to the Exchange's Form 3. The Exchange will conduct its own background checks based on the information provided and may request such personal information about the Insider of a Listed Issuer as it sees fit.*

- (3) A Listed Issuer must immediately remove, or cause the resignation of, any director or officer who the Exchange determines is not suitable to act as a director or officer of a Listed Issuer. For other unsuitable Insiders of a Listed Issuer, the Listed Issuer must immediately sever relations with such Person to the satisfaction of the Exchange, or, in the case of a shareholder, satisfy the Exchange that the shareholder does not and will not have any role in the governance of the Listed Issuer.

### 4.02 Transfer and Registration of Securities

- (1) Every Listed Issuer must maintain in good standing transfer and registration facilities in Canada, where its Listed Securities must be directly transferable.
- (2) The transfer and registration facilities must be operated by a transfer agent recognized by the Clearing Corporation.
- (3) This section does not apply to a Foreign Issuer to the extent that such Foreign Issuer's registrar and transfer agent can settle trades with the Clearing Corporation.

### 4.03 Dematerialized Securities

Where the issuer proposes to list non-certificated securities, the Issuers must make arrangements acceptable to the Clearing Corporation so that all trades in Listed Securities are cleared and settled on a book-entry only basis. For a SPAC, this provision does not apply prior to the completion of a Qualifying Transaction.

### 4.04 Filing Fees

Upon the occurrence of an event or closing of a transaction for which a filing fee is applicable, the Listed Issuer must submit the applicable filing fee (including applicable taxes) as set out in the fee schedule published by the Exchange. Receipt of the applicable filing fee is a pre-requisite to the posting for trading of any securities issued pursuant to the event or transaction.

#### **4.05 Confidentiality of Filings**

The Exchange may, in its discretion, make any Form submitted by a Listed Issuer publicly available upon notice to the Listed Issuer.

#### **4.06 General Dissemination of Material Information and Selective Disclosure**

Listed Issuers are reminded that the publication (if any) by the Exchange of any Form Filed by the Listed Issuer is not equivalent to general dissemination of Material Information. Listed Issuers should take care to ensure that Material Information contained in a Filing is generally disclosed in accordance with the Listed Issuer's disclosure obligations under Canadian securities legislation and Part V of this Listing Manual.

#### **4.07 Documents Required to Be Filed**

- (1) In addition to the Filing requirements set out elsewhere in this Listing Manual, every Listed Issuer, other than an ETP must promptly File or ensure the following documents are made available to the Exchange:
  - (a) interim financial statements, together with interim management's discussion and analysis
  - (b) annual financial statements, together with annual management's discussion and analysis; and
  - (c) AIF
- (2) In addition to the Filing requirements set out elsewhere in this Listing Manual, every ETF and CEF must promptly File or ensure the following documents are made available to the Exchange:
  - (a) annual financial statements, together with annual management's discussion and analysis or annual management report on fund performance, as applicable, and
  - (b) interim financial statements, together with interim management report on fund performance, as applicable.
- (3) A Listed Issuer must promptly File such other documentation as the Exchange may request from time to time in its discretion, in each case in connection with the maintenance of the listing of the Listed Securities on the Exchange.

#### **4.08 Issuer Website**

- (1) A Listed Issuer that is not an ETP nor a SPAC must maintain a publicly accessible website and post the current, effective versions of the following documents (or their equivalent), as applicable:
  - (a) constating or establishing documents of the issuer and its by-laws; and

- (b) if adopted, copies of:
- (i) majority voting policy,
  - (ii) advance notice policy,
  - (iii) position descriptions for the chairman of the board, and the lead director,
  - (iv) board mandate, and
  - (v) board committee charters.
- (2) A Listed Issuer that is an ETP must maintain a publicly accessible website and post the current, effective versions of the following documents, as applicable:
- (a) prospectus or other applicable offering document;
  - (b) annual information form;
  - (c) fund facts or ETF summary documents;
  - (d) management reports of fund performance; and
  - (e) quarterly portfolio disclosure.
- (3) The webpage(s) containing the above noted documents should be easily identifiable and accessible from the Listed Issuer's home page or investor relations page.
- (4) Any information regarding the issuer disclosed on its website must be up-to-date and accurate, and the issuer must promptly correct or update any incorrect or obsolete information.

***Commentary:***

*Although a SPAC is exempted from the requirement to maintain a website, it is strongly recommended that a SPAC establish a website and post the documents listed in subsection 4.08(1), as applicable.*

**4.09 Ongoing Requirements for Emerging Market Issuers and Other Listed EMIs**

- (1) Ongoing Compliance with Applicable Initial Listing Requirements

An EMI, including an Other Listed EMI, unless otherwise exempted by the Exchange, must comply, on an ongoing basis, with any applicable requirements set out in section 2.10, and any other requirements imposed by the Exchange as a condition of listing.

***Commentary:***

*The Exchange will review an EMI's or an Other Listed EMI's compliance with the applicable initial listing requirements on an ongoing basis. This may include periodic review of the following:*

- *the suitability and qualification of Senior Management, the board of directors and experts and advisors,*



*including auditors;*

- *any applicable corporate governance policies and processes identified at the time of listing;*
- *the continued adequacy of internal financial reporting controls; and*
- *any other risk mitigation mechanisms relevant to addressing any issues discussed in OSC Staff Notice 51-720 applicable to the EMI's business.*

*Where appropriate, the Exchange may require an action plan to address any deficiencies identified during the course of the ongoing review.*

(2) Auditors

In respect of any proposed change of auditors, an EMI must demonstrate to the satisfaction of the Exchange that the proposed auditors meet the requirements set out in subsection 2.10(8).

(3) EMI Annual CFO Certification

The CFO of an EMI must certify to the Exchange on an annual basis whether the CFO has visited any principal property of the EMI located in an Emerging Market as part of exercising his or her mandate. If the CFO has not, he or she must disclose the reasons for not doing so.

## PART V. TIMELY DISCLOSURE

### A. Obligation to Disclose Material Information

#### 5.01 Introduction

- (1) This Manual is not an exhaustive statement of the timely and continuous disclosure requirements applicable to Listed Issuers. Listed Issuers must comply with all applicable requirements of Canadian securities legislation. In particular, mining issuers must comply with the additional disclosure requirements of National Policy 43-101 *Standards of Disclosure for Mineral Projects*. Oil and gas issuers must comply with the additional disclosure requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. All Listed Issuers must comply with National Policy 51-201 *Disclosure Standards* and, if applicable, section 11.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure*.

**Commentary:**

*A Listed Issuer should establish a clear written disclosure policy and insider trading policy to help it and its directors, officers and employees comply with their obligations under both securities legislation and the Listing Manual.*

*Listed Issuers should consult Part 6 of National Policy 51-201 when implementing a disclosure policy and insider trading policy. Such policies should be reviewed and adopted by the board of directors of the issuer, distributed to its officers and employees, and periodically reviewed and updated as necessary. Directors, officers and employees should be trained so that they understand and can apply the policies.*

- (2) Each Listed Issuer must determine Material Information in the context of its own affairs. Material Information varies from one issuer to another, and will be influenced by factors such as the issuer's profitability, assets, capitalization, and the nature of its operations.

**Commentary:**

*Given the element of judgment involved, Listed Issuers are encouraged to review applicable securities legislation, as well as consult with the Market Regulator, on a confidential basis at an early stage to determine whether a particular event gives rise to Material Information.*

#### 5.02 Disclosable Events

- (1) Listed Issuers are required to make immediate public disclosure of all Material Information. They are not required to interpret the impact of external political, economic and social developments on their affairs, but if the external development will have or has had a direct effect on their business and affairs that is both material and uncharacteristic of the effect generally experienced as a result of such development by other companies engaged in the same business or industry, Listed Issuers are urged, where practical, to explain the particular impact on them. For example, a change in government policy that affects most companies in a particular industry does not require an announcement, but if it affects only one or a few companies in a material way, an announcement should be made.

- (2) A reasonable investor's investment decision may be affected by factors relating directly to the securities themselves as well as by information concerning the Listed Issuer's business and affairs. For example, changes in a Listed Issuer's issued capital, stock splits, redemptions and dividend decisions may all have an impact upon the reasonable investor's investment decision.
- (3) Actual or proposed developments that are likely to require immediate disclosure include, but are not limited to, the following:
  - (a) changes in security ownership that may affect control of the Listed Issuer;
  - (b) changes in corporate structure, such as reorganizations, amalgamations, etc.;
  - (c) take-over bids or issuer bids;
  - (d) major corporate acquisitions or dispositions;
  - (e) changes in capital structure;
  - (f) borrowing of a significant amount of funds;
  - (g) public or private sale of additional securities;
  - (h) development of new products and developments affecting the Listed Issuer's resources, technology, products or market;
  - (i) significant discoveries or exploration results, both positive and negative, by resource companies;
  - (j) significant financial impacts resulting from climate change-related events;
  - (k) entering into or loss of significant contracts;
  - (l) firm evidence of significant increases or decreases in near-term earnings prospects;
  - (m) changes in capital investment plans or corporate objectives;
  - (n) significant changes in management;
  - (o) significant litigation;
  - (p) major labour disputes or disputes with major contractors or suppliers;
  - (q) events of default under financing or other agreements; or
  - (r) any other developments relating to the business and affairs of the issuer that might reasonably be expected to influence or change an investment decision of a reasonable investor.

**Commentary:**

*Disclosure is only required where a development is material. Announcements of an intention to proceed with a transaction or activity should be made when a decision has been made to proceed with it by the Listed Issuer's board of directors or by senior management with the expectation of concurrence from the board of directors. However, a corporate development in respect of which no firm decision has yet been made but that is reflected in the market price may require prompt disclosure.*

*Forecasts of earnings and other financial forecasts need not be disclosed, but where a significant increase or decrease in earnings is indicated in the near future, such as in the next fiscal quarter, this fact must be disclosed. Forecasts should not be provided on a selective basis to certain investors not involved in the management of the affairs of the company. If disclosed, they should be generally disclosed. Reference should be made to National Instrument 51-102 with respect to disclosure of forward looking information, including future-oriented financial information and financial outlooks.*

- (4) If a pending transaction has been announced but has not closed, updates should be provided at least every 30 days, unless the original announcement specifies a specific date on which an update will be given. Any change that is material to the pending transaction as announced must be disclosed promptly.

### **5.03 Rumours and Unusual Trading Activity**

- (1) Rumours and unusual trading activity may influence or change the investment decision of a reasonable investor and/or the trading price of an issuer's securities. It is impractical to expect management to be aware of, and comment on, all rumours or unusual trading activity. However, when either rumours or unusual trading activity occur, the Market Regulator may request that the Listed Issuer make a clarifying statement. A trading halt may be imposed pending release of a "no corporate developments" statement.
- (2) If a rumour is correct in whole or in part, or if it appears that the unusual trading activity reflects illicit trading on non-disclosed Material Information, the Market Regulator will require the Listed Issuer to make immediate disclosure of the relevant Material Information, and a trading halt may be imposed pending release and dissemination of that information.

### **5.04 Timing of Disclosure and Pre-Notification of the Market Regulator**

- (1) A Listed Issuer must disclose Material Information forthwith upon the information becoming known to management, or in the case of information previously known, forthwith upon it becoming apparent that the information is material. Immediate release of information is necessary to ensure that it is promptly available to all investors and to reduce the risk that Persons with access to that information will act upon undisclosed information.
- (2) The policy of immediate disclosure frequently requires that press releases be issued during the hours when one or more market places are open for trading, especially when an important corporate development has occurred. Between the hours of 7:30 a.m. and 5:00 p.m., the Listed Issuer must notify the Market Regulator *prior* to the issuance of a press release and must not disseminate the press release until instructed to do so by the Market Regulator. The Market Regulator will determine whether trading in the Listed Issuer's

securities should be temporarily halted. The Market Regulator will also review the proposed wording of the press release to ensure it is complete and balanced.

- (3) Where a release is issued after the close of trading, the Market Regulator should be advised prior to the opening of trading the following trading day.

#### 5.05 Dissemination of Material Information

- (1) When disseminating Material Information, the news release must be transmitted to the media by the quickest possible method, and by a method that provides the widest dissemination possible. To ensure that the entire financial community is aware of the news at the same time, a wire service (or combination of services) must be used which provides national and simultaneous coverage.
- (2) Dissemination of news is essential to ensure that all investors have equal and timely information. Listed Issuers must ensure appropriate dissemination of news releases, and any failure to properly disseminate news shall be deemed to be a breach of this policy and shall be grounds for suspension or Delisting of the Listed Issuer's securities. In particular, the Exchange will not consider relieving a Listed Issuer from its obligation to disseminate news properly because of cost factors.

***Commentary:***

*The Exchange accepts the use of any news services that meet the following criteria:*

1. *Dissemination of the full text of the release to the national financial press and to daily newspapers that provide regular coverage of financial news;*
2. *Dissemination to all Members; and*
3. *Dissemination to all relevant regulatory bodies.*

- (3) A Listed Issuer must File with the Exchange all news releases (and other materials containing Material Information) that it submits to the Market Regulator in accordance with section 5.04(2) in advance of public dissemination. All other news releases must be filed with Exchange prior to or concurrent with public dissemination.

***Commentary:***

A Listed Issuer that submits a draft press release for review by the Exchange must submit such draft press releases at least 24 hours prior to its public dissemination.

- (4) If a Listed Issuer chooses to publish news releases or other documents required to be Filed by the Exchange or by securities regulatory authorities on its website, it must publish all of them. It cannot publish only favourable information. Similarly, news releases and other filings must be clearly distinguished from marketing material that may also be on the website so that a viewer will not confuse the two.

## 5.06 Content of News Releases

- (1) Announcements of Material Information should be factual and balanced. Unfavourable news must be disclosed just as promptly and completely as favourable news.
- (2) News releases must contain sufficient detail to enable investors to assess the importance of the information to allow them to make informed investment decisions.

**Commentary:**

*NEO Exchange is not responsible for the contents of a Listed Issuer's press release.*

- (3) Listed Issuers should communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary.
- (4) News releases must not be misleading.

**Commentary:**

*For example, a Listed Issuer must not announce an intention to enter into a transaction if it lacks the ability to complete the transaction or if no corporate decision has been made to proceed with the transaction.*

- (5) Investors and the media may wish to obtain further information concerning the announcement. All news releases must include the name of an officer or director of the Listed Issuer who is responsible for the announcement, together with the Listed Issuer's telephone number. The Listed Issuer is encouraged to also include the name and telephone number of an additional contact person.

## 5.07 Trading Halts for the Dissemination of Information

- (1) Trading may be halted by the Market Regulator during trading hours to allow Material Information to be disseminated and allow market participants to decide if they want to change their buy or sell orders. The Decision to halt trading is the Market Regulator's, and it will not routinely halt trading for all press releases, even at the request of the Listed Issuer. It is not appropriate for a Listed Issuer to request a trading halt if it is not prepared to make an announcement forthwith.
- (2) The Market Regulator may also halt trading to obtain a statement from a Listed Issuer clarifying a rumour or unusual trading that is having an effect on the market for the issuer's securities.

**Commentary:**

*A trading halt does not reflect on the reputation of the issuer or its management. Trading is halted for positive developments as well as negative ones.*

- (3) The Market Regulator will determine the time required to disseminate the news release and consequently the length of any quotation and trading halt. A trading halt will not normally last more than two hours.
- (4) A trading halt will not continue for more than 24 hours unless the Market Regulator determines that re-opening trading will have a significant negative impact on market integrity.
- (5) A Listed Issuer is expected to issue the news release promptly following the initiation of a trading halt. If an announcement is not forthcoming, the Market Regulator will make any determination with respect to maintaining the halt or resuming trading. In either case, the Listed Issuer should be prepared to issue a statement explaining why trading was halted and why it is not able to make an announcement.

## **B. When Confidentiality May Be Maintained**

### **5.08 When Information May Be Kept Confidential**

- (1) In restricted circumstances, disclosure of Material Information concerning the business and affairs of a Listed Issuer may be delayed and kept confidential temporarily, where immediate release of the information would be unduly detrimental to the interests of the Listed Issuer. The withholding of Material Information on this basis should be infrequent and can only be justified where the potential harm to the Listed Issuer or to investors caused by immediate disclosure may reasonably be considered to outweigh the undesirable consequences of delaying disclosure.
- (2) In addition, section 75(3) of the *Securities Act* (Ontario), as supplemented by National Policy 51-102 and National Instrument 81-106, provides that where, in the opinion of the reporting issuer, the public disclosure of a material change would be unduly detrimental to the interests of the reporting issuer, or where the material change consists of a decision to implement a change made by senior management of the Listed Issuer who believe that confirmation of the decision by the board of directors is probable, the Listed Issuer may file a report disclosing a material change on a confidential basis. Non-disclosure of information filed with the Ontario Securities Commission is also provided for in section 140(2) of the *Securities Act* (Ontario).
- (3) When a Listed Issuer requests that a material change be kept confidential, then pursuant to section 75(4) of the *Securities Act* (Ontario), it must advise the Ontario Securities Commission in writing within 10 days if it wishes that the information continue to be held on a confidential basis, and every 10 days thereafter until the material change is generally disclosed. The Ontario Securities Commission takes the view that it can require the Listed Issuer to disclose a confidential material change when, in its view, the benefit from public disclosure would outweigh the harm to the issuer resulting from disclosure.
- (4) Listed Issuers should be guided by applicable securities legislation in determining whether a material change can be filed on a confidential basis with a securities regulatory authority.
- (5) Where a decision is made to keep Material Information confidential, the Market Regulator must be immediately notified of the Listed Issuer's decision to do so. The Market Regulator

must be provided with a copy of all submissions to the securities regulatory authority relating to a request to make or to continue confidential disclosure. The Market Regulator must be kept fully apprised of the nature of any discussions between the Listed Issuer and the securities regulatory authority relevant thereto, and any decision of the securities regulatory authority with respect to the ability of the Listed Issuer to make or continue confidential disclosure, or requiring the Listed Issuer to make general disclosure.

- (6) Listed Issuers that are reporting issuers or equivalent in jurisdictions other than Ontario must ensure that they comply with all applicable laws in addition to this Part.

### **5.09 Maintaining Confidentiality**

- (1) Where disclosure of Material Information is delayed, the Listed Issuer must maintain complete confidentiality. In the event that such confidential information, or rumours respecting the confidential information, is divulged in any manner (other than in the necessary course of business), the Listed Issuer is required to make an immediate announcement on the matter. The Market Regulator must be notified of the announcement, in advance, in the usual manner. Any unusual market activity may mean that news of the matter is being disclosed and that certain Persons are taking advantage of it. In such a case, the Market Regulator should be advised immediately and a halt in trading will be imposed until the Listed Issuer has made disclosure of the Material Information.
- (2) At any time when Material Information is being withheld from the public, the Listed Issuer must take all necessary precautions to keep such information confidential. Confidential information should not be disclosed to any of the Listed Issuer's officers, employees or advisers, except in the necessary course of business. The directors, officers and employees of a Listed Issuer should be reminded on a regular basis that confidential information obtained in the course of their duties must not be disclosed.

### **5.10 Insider Trading**

- (1) Listed Issuers should make Insiders and others who have access to Material Information about the Listed Issuer, before it is generally disclosed, aware that trading in securities of the issuer (or securities whose market price or value varies materially with the securities of the reporting issuer), while in possession of undisclosed Material Information or tipping such information, is prohibited under applicable securities legislation and may give rise to administrative, civil and/or criminal liability.
- (2) In any situation where Material Information is being kept confidential, management is under a duty to take every possible precaution to ensure that no trading whatsoever takes place by any Insiders or persons in a "special relationship" with the Listed Issuer in which use is made of such information before it is generally disclosed to the public.
- (3) In the event that the Market Regulator is of the opinion that insider or improper trading may have occurred before Material Information has been disclosed and disseminated, the Market Regulator may require that an immediate announcement be made disclosing such Material Information. The Market Regulator will refer the matter to the appropriate securities regulatory authority for enforcement action.



### 5.11 No Selective Disclosure

- (1) Disclosure of Material Information must not be made on a selective basis. The disclosure of Material Information should not occur except by means that ensure that all investors have access to the information on an equal footing. The Exchange recognizes that good corporate governance involves actively communicating with all market participants with respect to the corporation's business and affairs, through private meetings, formal or informal conferences, or by other means. However, when communications of any nature occur other than widely disseminated press releases in accordance with this rule, Listed Issuers may not, under any circumstances, communicate Material Information to anyone, other than in the necessary course of business, in which case the party receiving the information must be instructed to keep it confidential and not to trade the Listed Issuer's securities.
- (2) The board of directors of a Listed Issuer should put in place policies and procedures that will ensure that those responsible for dealing with shareholders, brokers, analysts, and other external parties are aware of their, and the Listed Issuer's, obligations with respect to the disclosure of Material Information.
- (3) Should Material Information be disclosed, whether deliberately or inadvertently, other than through a widely disseminated press release in accordance with the rule, the Listed Issuer must immediately contact the Market Regulator and request a trading halt pending the widespread dissemination of the information.

## PART VI. DIVIDENDS OR OTHER DISTRIBUTIONS

### 6.01 Dividends or Other Distributions

- (1) In addition to any other requirements of this Listing Manual, Listed Issuers must notify the Exchange of any dividend or other distribution (whether regular or special) to holders of Listed Securities at least five trading days prior to the Record Date for the distribution by way of a Notice of Dividend (Form 7). The Listed Issuer must File a Form 7 and a copy of the draft press release announcing the distribution at least five trading days prior to the Record Date for the distribution to allow the Exchange to establish “ex” trading dates with respect to the distribution.
- (2) The Exchange may use Due Bills for distributions which are subject to a condition which may not be satisfied before the normal ex-distribution trading date (i.e., one trading day before the Record Date). When Due Bills are used for conditional distributions, the condition must be met prior to the payment date. See section 6.02.
- (3) Listed Issuers must notify the Exchange of any decision to omit or defer a dividend if the omission or deferral constitutes a departure from the issuer’s dividend policy.

### 6.02 Due Bill Trading

- (1) For the purposes of this section, “distribution” means any dividend, distribution, interest, security or right to which holders of listed securities have an entitlement, based on a specific Record Date.
- (2) Due Bill trading may be used at the discretion of the Exchange based on various relevant factors. However, the Exchange will normally defer ex-distribution trading and use Due Bills when the distribution per listed security represents 25% or more of the value of the listed security on the declaration date. Without the use of Due Bills, trading on an ex-distribution basis would commence one trading day prior to the Record Date for the distribution and could result in a significant adjustment of the market price of the security. Security holders will then be deprived of the value of the distribution between the ex-distribution date and the payment date. By deferring the ex-distribution date through the use of Due Bills, sellers of the listed securities during this period can realize the full value of the listed securities they hold, by selling the securities with the Due Bills attached. The use of Due Bills will also avoid confusion regarding the market value of the listed securities.
- (3) When Due Bills are used, ex-distribution trading usually commences at the opening on the first trading day after the payment date. In the event that the Exchange receives late notification of the payment date and the payment date has passed, ex-distribution trading will generally commence on the first trading day following such notification.
- (4) The Exchange may also use Due Bills for distributions which are subject to a condition which may not be satisfied before the normal ex-distribution trading date (i.e., one trading day before the Record Date). When Due Bills are used for conditional distributions, the condition must be met prior to the payment date.

- (5) Listed Issuers should contact the Exchange to discuss the use of Due Bills well in advance of any contemplated Record Date for a distribution.

## **PART VII. CORPORATE FINANCE AND CAPITAL STRUCTURE CHANGES**

### **7.01 Compliance with Disclosure Obligations and Notification to the Exchange**

- (1) The Exchange considers any significant change to a Listed Issuer's business, operations or capital structure, including the material transactions governed by this Part, to be "Material Information" that must be disclosed as required by Part V of this Listing Manual, even if the Market Regulator determines not to halt trading for dissemination. Listed Issuers must issue a press release as required under Canadian securities legislation and concurrently File the press release with the Exchange along with any additional documents required by this Part.

***Commentary:***

*A grant of an Award under a Security Based Compensation Plan in the normal course is not necessarily Material Information. Listed Issuers must make a determination on a case by case basis.*

- (2) A Listed Issuer must give the Exchange at least seven trading days advance notice of any potential issuances of securities of the Listed Issuer that are not otherwise provided for in this Part.
- (3) In addition to any other requirements of this Listing Manual, Listed Issuers must notify the Exchange of any corporate action that may affect holders of Listed Securities at least seven trading days prior to the Record Date for the corporate action. These actions include, but are not limited to, changes of transfer agent and registrar, change in general Listed Issuer information, change in the jurisdiction of organization of the Listed Issuer, change in the Listed Issuer's fiscal year end, change in the Listed Issuer's interlisted status and full or partial redemptions, retractions or cancellation of a Listed Security. The Exchange will set an "ex" trading date for the corporate action, if applicable.

### **7.02 Compliance with Shareholder Approval Requirements**

Transactions subject to this Part of the Manual may also be subject to prior shareholder approval required in Part X of this Listing Manual.

#### **A. Corporate Finance Transactions**

### **7.03 Prospectus Offerings**

- (1) A Listed Issuer that proposes to issue additional Listed Securities pursuant to a prospectus must promptly File:
  - (a) a preliminary Notice of Prospectus Offering (Form 8);
  - (b) a copy of the preliminary prospectus;
  - (c) a copy of the receipt(s) for the preliminary prospectus; and

- (d) any document required to be filed on SEDAR in connection with the filing of the preliminary prospectus.
- (2) The pricing and shareholder approval requirements in section 10.10 of this Listing Manual apply to issuances of Listed Securities by prospectus. See section 7.06 for the requirements applicable to the listing of a new class or series of securities (including securities that are convertible, exercisable or exchangeable into Listed Securities).
- (3) Upon closing of the offering, the Listed Issuer must File:
  - (a) a final Notice of Prospectus Offering (Form 8);
  - (b) a copy of the final prospectus;
  - (c) a copy of the receipt(s) for the final prospectus;
  - (d) any document required to be filed on SEDAR in connection with the filing of the final prospectus;
  - (e) if applicable, a certified copy of the resolution of shareholders or the minutes of the shareholder meeting approving the offering containing the exact wording of the resolution and confirming that it was adopted by a majority of shareholders other than those excluded from voting by Exchange Requirements, corporate or securities law or the constating documents of the Listed Issuer; and
  - (f) an opinion of counsel that the securities to be issued pursuant to the offering (and any underlying securities, if applicable) are or will be duly issued and are or will be fully paid and non-assessable (or equivalent in the case of non-corporate issuers).
- (4) If the Listed Issuer has offered an over-allotment option, the Listed Issuer must submit a Form 14C within 10 days after the option is exercised.

#### **7.04 Private Placement Offerings**

- (1) A Listed Issuer that proposes to issue securities of a class or series of Listed Securities (or securities that are convertible, exercisable or exchangeable into a class or series of Listed Securities) on a “private placement” basis must promptly File a preliminary Notice of Private Placement (Form 9) and comply with all requirements of this section 7.04.
- (2) The Exchange considers an issuance of securities from treasury for cash or to settle a *bona fide* debt (including securities for services rendered) in reliance on an exemption from the prospectus requirements in applicable securities legislation to be a “private placement”.

**Commentary:**

*The Exchange may, in its discretion, require additional information prior to accepting the Notice of Private Placement (Form 9). If debt is to be exchanged for securities (including securities for services rendered), additional documents may be requested. These include source documents evidencing the debt, a current accounts payable list with summary totals and a copy of any applicable shareholder resolutions.*

- (3) Subject to section 10.10 of this Listing Manual, the private placement must not be priced lower than the Maximum Discount to Market Price.
- (4) The closing market price must be adjusted for any stock splits or consolidations and must not be influenced by the Listed Issuer, any director or officer of the Listed Issuer or any party with knowledge of the private placement.
- (5) If debt is to be exchanged for securities, the issue price is the face value of the debt divided by the number of securities to be issued. If the private placement is of special warrants, the issue price is the total proceeds to the Listed Issuer (before payment of any agent's or other fees) divided by the maximum number of securities that may be issued, assuming any penalty provisions are triggered. If warrants or other convertible securities are to be issued, the Listed Issuer must also comply with section 7.05.
- (6) The price reservation and any price reserved by way of press release expires if the transaction has not closed 45 days after the date on which it is given.
- (7) The Listed Issuer may not proceed with the proposed Private Placement until such time as the Exchange has provided notice of its acceptance of Form 9 to the Listed Issuer.
- (8) Upon closing of the placement the Listed Issuer must File:
  - (a) a final Notice of Private Placement (Form 9);
  - (b) a letter from the Listed Issuer confirming receipt of proceeds;
  - (c) if applicable, a certified copy of the resolution of shareholders or the minutes of the shareholder meeting approving the placement containing the exact wording of the resolution and confirming that it was adopted by a majority of shareholders other than those excluded from voting by Exchange Requirements, corporate or securities law or the constating documents of the Listed Issuer; and
  - (d) an opinion of counsel that the securities to be issued pursuant to the offering (and any underlying securities, if applicable) are or will be duly issued and are or will be fully paid and non-assessable (or equivalent in the case of non-corporate issuers).

## 7.05 Warrants and Other Convertible, Exercisable and Exchangeable Securities

- (1) Warrants (to purchase securities of an issuer's own issue) may not be issued for nil consideration except as "sweeteners" in conjunction with a private placement or public offering of Listed Securities (or securities that are convertible, exercisable or exchangeable into a class or series of Listed Securities), in which case: (i) securities issuable on exercise of the warrants must not be issuable at less than the market price on the trading day prior to the day on which the price of the private placement was reserved, and; (ii) the number of securities issuable upon exercise of the warrants cannot exceed the number of Listed Securities initially placed or offered (or, in the case of the placement or offering of securities that are convertible, exercisable or exchangeable into a class or series of Listed Securities, the number of Listed Securities that are issuable).
- (2) Notwithstanding the foregoing, securities issuable upon exercise of warrants issued as compensation to brokers or finders in connection with a private placement or public offering (commonly known as broker warrants or compensation options) may be priced at the offering price for the private placement or public offering.
- (3) Convertible, exercisable or exchangeable securities must be subject to standard anti-dilution provisions.
- (4) Non-material changes to the conversion, exercise or exchange characteristics of the security are permitted, subject to the prior approval of a majority of Independent Directors of the Listed Issuer. Any material changes must be approved by security holders other than security holders who are advantaged by the proposed amendment. A Listed Issuer must File a notice (Form 9B) at least five trading days prior to implementing such proposed amendments.

### **Commentary:**

*Materiality is a matter of judgment in the particular circumstance; a Listed Issuer's board of directors must determine materiality. A "material" amendment to the terms of an option, warrant and convertible security includes (but is not limited to), the following:*

- *a material extension of the term of the convertible security (for example: an extension of a term of a grant by 10% or less may be immaterial but becomes material if the amended term extends the grant past a date when an expected release of information is to occur, or the exercise price is lower than the prevailing market price); or*
- *a re-pricing of any grant, where "re-pricing" means any of the following or any other action that has the same effect: (i) lowering of a conversion/exercise price of an option, warrant or convertible security after it is granted; (ii) any other action that is treated as a re-pricing under generally accepted accounting principles; or (iii) cancelling an option, warrant or convertible security at a time when its conversion/exercise price exceeds the fair market value of the underlying security, in exchange for another security, unless the cancellation and exchange occurs in connection with an amalgamation, acquisition, spin-off or other similar corporate transaction.*

- (5) Structured Products Listed Securities whose underlying basket is composed of securities of an issuer must File a Form 23 immediately upon the completion of a take-over bid in respect of the underlying or upon the completion of a stock split or consolidation of the underlying that will affect the terms of the Listed Security (such as strike price of number securities). Within five days of the end of the month in which a warrant, convertible or exchangeable security was exercised or cancelled, the Listed Issuer must File a Notice of Cancellation of Securities (Form 14B).

#### **7.06 Supplemental Listings Relating to a New Class or Series**

- (1) A corporate Listed Issuer may apply to have a new class or series of securities listed and posted for trading on the Exchange (a supplemental listing).
- (2) All minimum listing requirements in Part II of this Listing Manual apply to a supplemental listing, other than those specified in subsection 2.02(6).
- (3) Listed Securities will normally be posted for trading upon closing of the offering. At the request of the Listed Issuer, the Exchange may establish an “if, as and when issued” market prior to the closing of the offering. No such market will be established prior to the issuance of a receipt for the final prospectus.

### **B. Other Transactions Involving the Issuance of Listed Securities**

#### **7.07 Acquisitions**

- (1) Securities may be issued as full or partial consideration at not less than the Maximum Discount to Market Price. Management of the Listed Issuer is responsible for ensuring that the consideration received is reasonable and must retain copies of evidence of value including confirmation of out-of-pocket costs or replacement costs, fairness opinions, geological reports, financial statements or valuations. This documentation must be made available to the Exchange upon request.
- (2) A Listed Issuer that proposes to issue securities in consideration for an acquisition must promptly File a preliminary Notice of Acquisition (Form 10), and comply with all requirements of this section 7.07.

***Commentary:***

*The Exchange may, in its discretion, require additional information prior to accepting the Notice of Acquisition (Form 10).*

- (3) Upon closing of the acquisition the Listed Issuer must File:
  - (a) a final Notice of Acquisition (Form 10);
  - (b) a letter from the Listed Issuer confirming closing of the transaction and receipt of the assets, transfer of title of the assets or other evidence of receipt of consideration for the issuance of the securities;



- (c) if applicable, a certified copy of the resolution of shareholders or the minutes of the shareholder meeting approving the acquisition containing the exact wording of the resolution and confirming that it was adopted by a majority of shareholders other than those excluded from voting by Exchange Requirements, corporate or securities law or the constating documents of the Listed Issuer; and
- (d) an opinion of counsel that the securities to be issued pursuant to the offering (and any underlying securities, if applicable) are or will be duly issued and are or will be fully paid and non-assessable (or equivalent in the case of non-corporate issuers).

#### **7.08 Security Based Compensation Arrangements and Awards**

- (1) This section governs the issuance of Awards under Security Based Compensation Arrangements, including stock options that are used as incentives or compensation mechanisms for employees, directors, officers, consultants and other Persons who provide services for Listed Issuers.
- (2) All issuances of Awards under Security Based Compensation Arrangements and issuances of securities underlying an Award must be made in compliance with applicable securities law.
- (3) Awards must have an exercise price or issue price, as applicable, based on one of the following:
  - (a) the five-day volume weighted average trading price, calculated by dividing the total value by the total volume of securities traded for the relevant period;
  - (b) the closing price of the underlying securities on the previous trading day prior to the date of grant of the Award; or
  - (c) a reasonable pre-determined formula, based on a weighted average trading price or average daily high and low board lot trading prices for a short period of time prior to the date of grant of the Award.
- (4) Listed Issuers should not price an Award where the market price does not reflect undisclosed Material Information.
- (5) A Listed Issuer's Security Based Compensation Arrangement must state a maximum number of securities issuable pursuant to such plan either as a fixed number or percentage of the Listed Issuer's outstanding securities.
- (6) Awards issued under a Security Based Compensation Arrangement must be non-transferable.
- (7) A Listed Issuer that has instituted a Security Based Compensation Arrangement must notify the Exchange and File the following concurrent with the first grant under the plan:
  - (a) a copy of the Security Based Compensation Arrangement, unless filed on SEDAR;

- (b) if applicable, a certified copy of the resolution of shareholders or the minutes of the shareholder meeting approving the plan containing the exact wording of the resolution and confirming that it was adopted by a majority of shareholders other than those excluded from voting by Exchange Requirements, corporate or securities law or the constating documents of the Listed Issuer; and
  - (c) an opinion of counsel that any securities to be issued pursuant to the Security Based Compensation Arrangement will be duly issued and will be fully paid and non-assessable (or equivalent in the case of non-corporate issuers).
- (8) Within five days of the end of the month in which an Award is granted or amended, the Listed Issuer must File a Notice of Security Based Compensation Arrangement Award or Amendment (Form 11).
- (9) Within five days of the end of the month in which an Award was exercised or cancelled, the Listed Issuer must File a Notice of Cancellation of Securities (Form 14B).
- (10) A Listed Issuer that has amended a Security Based Compensation Arrangement must File the following forthwith after the amendment:
  - (a) a copy of the Security Based Compensation Arrangement, unless filed on SEDAR;
  - (b) if applicable, a certified copy of the minutes of the board of directors' meeting or a certified copy of the resolution of shareholders or the minutes of the shareholder meeting approving the amendment containing the exact wording of the resolution and confirming that it was adopted by a majority of directors or shareholders other than those excluded from voting by Exchange Requirements, corporate or securities law or the constating documents of the Listed Issuer; and
  - (c) where the amendment relates to an increase to the number or kind of securities issuable under the Security Based Compensation Arrangement, an opinion of counsel that any securities to be issued pursuant to the Security Based Compensation Arrangement will be duly issued and will be fully paid and non-assessable (or equivalent in the case of non-corporate issuers).
- (11) A Security Based Compensation Arrangement that existed prior to the issuer becoming listed on the Exchange must comply with the requirements of this section 7.08.

## **7.09 Rights Offerings**

- (1) A Listed Issuer intending to complete a rights offering must inform the Exchange immediately. Notice may be on a confidential basis if the terms of the rights offering have not been finalized.
- (2) Subject to section 10.13, securities offered by way of rights offering are expected to be offered at a "significant discount" to market price at the time of pricing of the offering, which is expected to be at the time of filing of the (final) circular. A significant discount would be equal to at least the Maximum Discount to Market Price.

- (3) The rights offering can be conditional. Rights must be transferable and freely tradeable, and will be posted for trading on the Exchange. Rights can be issued to purchase shares of a reporting issuer in Canada, listed on a Recognized Exchange and categorized as a reporting issuer that is not a “venture issuer” and that is a “non-venture” issuer under Canadian securities legislation. Shareholders must receive at least one right for each share held.
- (4) A Listed Issuer must finalize the terms of the rights offering and obtain clearance from all applicable securities regulatory authorities at least seven trading days prior to the Record Date for a rights offering. “Ex” trading will begin two trading days prior to the Record Date, meaning purchasers on and after that date will not be entitled to obtain rights certificates. Trading in the rights will begin on the first day of “ex” trading in the Listed Securities. If insufficient notice is given, the Exchange will require the Listed Issuer to delay the Record Date. Due Bill trading may be used in certain circumstances for conditional rights offerings as determined at the discretion of the Exchange. See section 6.02.
- (5) At least seven trading days prior to the Record Date the Listed Issuer must File the following:
  - (a) a Notice of Rights Offering (Form 12);
  - (b) a copy of the final rights circular or prospectus as approved by the applicable securities regulatory authority, unless filed on SEDAR;
  - (c) a copy of a notice from the Clearing Corporation confirming the CUSIP number assigned to the rights;
  - (d) a specimen copy of the rights certificate;
  - (e) a written statement as to the date on which the offering circular and rights certificates will be mailed to shareholders (which must be as soon as practicable following the Record Date);
  - (f) where the securities of the issuer underlying the rights are listed on another exchange, the Exchange will require evidence of a conditional approval letter approving such transaction; and
  - (g) an opinion of counsel that the securities to be issued on exercise of the rights will be duly issued and will be fully paid and non-assessable (or equivalent in the case of non-corporate issuers).
- (6) The rights offering must be open for a minimum of 21 days following the date that the rights circular or prospectus is sent to security holders. Once the rights offering has commenced, there may be no amendments to its terms except as permitted by the Exchange in extremely exceptional circumstances, such as an unanticipated postal strike that makes timely delivery of the circular and certificates impossible. Notwithstanding the foregoing, any amendment to the rights offering must comply with applicable Canadian securities legislation.

- (7) If the offering provides a rounding mechanism whereby rights holders holding less rights than are needed to buy one share can have their entitlement adjusted, arrangements must be made to ensure beneficial holders will be afforded the same treatment as if they were registered holders.
- (8) Within five days of end of the month in which a right is converted to its underlying Listed Security, the Listed Issuer must File a Notice of Cancellation of Securities (Form 14B) detailing the rights that have been canceled and Listed Securities issued, along with any applicable fees.

#### **7.10 Take-Over Bids**

- (1) A Listed Issuer undertaking a take-over bid must File the following documentation:
  - (a) a Notice of Take-Over Bid (Form 13) within one trading day following announcement of the bid;
  - (b) a copy of the take-over bid circular, unless filed on SEDAR; and
  - (c) an opinion of counsel that any securities to be issued (and any underlying securities, if applicable) are or will be duly issued and are or will be fully paid and non-assessable as soon as practicable (or equivalent in the case of non-corporate issuers).
- (2) If the Listed Issuer is offering a new class of securities as payment under the bid and wishes to list those securities, the provisions of section 7.06 (Supplemental Listings) and Part X, section C (Restricted Securities) will apply.
- (3) Section 10.11 applies to a take-over bid, since a take-over bid is an acquisition.
- (4) Within five days of end of the month in which the take-over bid closed, the Listed Issuer will File a final Form 13.

#### **7.11 Additional Listings or Cancellations for Other Purposes**

- (1) A Listed Issuer that wishes to issue securities of a class of Listed Securities for any purpose not otherwise contemplated by this Listing Manual (for example bonus shares) must File the following documentation within seven trading days (subject to any other timing requirements of the Manual) prior to issuing the securities:
  - (a) a Notice of Additional Listing (Form 14A);
  - (b) copies of all relevant agreements; and
  - (c) an opinion of counsel that the securities to be issued (and any underlying securities, if applicable) are or will be duly issued and are or will be fully paid and non-assessable.

- (2) A Listed Issuer that wishes to cancel securities of a class of Listed Securities for any purpose not otherwise contemplated by this Listing Manual must File the following documentation within seven trading days (subject to any other timing requirements of the Manual) prior to cancelling the securities:
  - (a) a Notice of Cancellation of Securities (Form 14B); and
  - (b) copies of all relevant agreements.

## 7.12 Sales from Control Person through the Facilities of the Exchange

- (1) *Responsibility of Member and Seller.* It is the responsibility of both the selling security holder and Member acting on their behalf to ensure compliance with Exchange Requirements and applicable securities legislation. In particular, Members and selling security holders should familiarize themselves with the procedures and requirements set out in Part 2 of National Instrument 45-102 *Resale of Securities* (“NI 45-102”).

### **Commentary:**

*If securities are to be sold from a Control Person pursuant to an order made under section 74 of the Securities Act (Ontario) or an exemption contained in subsection 73(1) of the Securities Act (Ontario) or Part 2 of OSC Rule 45-501, the securities acquired by the purchaser may be subject to a hold period in accordance with the provisions of the Securities Act (Ontario) or NI 45-102. Sales of securities subject to a hold period are special terms trades and will normally be permitted to take place on the Exchange without interference.*

- (2) *General Rules for Control Person Sales on the Exchange.* Sales from Control Persons must meet all securities law requirements, including those listed below.
  - (a) *Filing.* The seller shall File a Form 45-102F1 *Notice of Intention to Distribute Securities* under subsection 2.8 of NI 45-102 with the Exchange at least seven days prior to the first trade made to carry out the distribution.
  - (b) *Notification of Appointment of Member.* The seller must notify the Exchange of the name of the Member that will act on behalf of the seller. The seller shall not change the Member without prior notice to the Exchange.
  - (c) *Acknowledgement of Member.* The Member acting as agent for the seller shall give notice to the Exchange of its intention to act on the sale from control before the first sale commences.
  - (d) *Report of Sales.* Within three days after the completion of any trade, the seller shall File a report with the Exchange containing substantially the same information as an insider report required to be filed in accordance with applicable securities legislation. The Member shall report in writing to the Exchange, within five days after the end of each month, the total number of securities sold by the seller during the month, and, if and when all of the securities have been sold, the Member shall so report forthwith in writing to the Exchange.

- (e) *Term.* The Form 45-102F1 *Notice of Intention to Distribute Securities* under Section 2.8 of National Instrument 45-102 *Resale of Securities* expires on the earlier of:
  - (i) 30 days after the date the Form 45-102F1 was filed, and
  - (ii) the date the selling security holder, or the lender, pledgee, mortgagee or other encumbrancer, files the last of the insider reports reflecting the sale of all securities referred to in the Form 45-102F1.
- (f) *First Sale.* The first sale cannot be made until at least seven days after the Filing of Form 45-102F1.

**Commentary:**

*The Exchange may, in circumstances it considers appropriate, require that special conditions be met with respect to any sales. Possible conditions include, but are not limited to, the requirement that the seller not make a sale below the price of the last sale of a Board Lot of the security on the Exchange, which is made by another Person or company acting independently.*

- (3) Restrictions on Control Person Sales on the Exchange:
  - (a) *Private Agreements.* A Member is not permitted to participate in sales from a Control Person by private agreement transactions.
  - (b) *Normal Course Issuer Bids.* If the Listed Issuer of the securities which are the subject of the sale from Control Person is undertaking a Normal Course Issuer Bid in accordance with sections 7.19 to 7.21 of this Listing Manual, the Normal Course Issuer Bid and the sale from Control Person will be permitted on the condition that:
    - (i) the Member acting for the Listed Issuer confirms in writing to the Exchange that it will not bid for securities on behalf of the Listed Issuer at a time when securities are being offered on behalf of the Control Person seller,
    - (ii) the Member acting for the Control Person seller confirms in writing to the Exchange that it will not offer securities on behalf of the Control Person seller at a time when securities are being bid for under the Normal Course Issuer Bid, and
    - (iii) transactions in which the Listed Issuer is on one side and the Control Person seller on the other are not permitted.
  - (c) *Price Guarantees.* The price at which the sales are to be made cannot be established or guaranteed prior to the seventh day after the Filing of Form 45-102F1 with the Exchange.

### 7.13 ETF Creation and Redemption

A Listed Issuer that is an ETF must File a Notice of Creation or Redemption (Form 15), including a “nil” report, as applicable, within 10 days of the end of each month unless such transactions are reported to the Exchange more frequently in a format satisfactory to the Exchange.

## C. Substitutional Listings Related to Corporate Actions

### 7.14 Name Change

- (1) A Listed Issuer that changes its name must File the following at least seven trading days prior to the Effective Date in order to be listed under the new name:
  - (a) a Notice of Name Change (Form 16), which shall specify the Effective Date and the date that the Listed Issuer’s constating document giving effect to the name change will be filed; and
  - (b) confirmation of the new CUSIP number or that the CUSIP number is unchanged.
- (2) A Listed Issuer that changes its name must ensure that its constating document giving effect to the name change is filed and effective as of the commencement of trading on the Effective Date, and must File a copy of the constating document no later than one trading day prior to the Effective Date.
- (3) The Exchange may assign a new symbol in connection with a name change. The Listed Issuer should submit any requests in this regard in advance of the name change becoming effective.

### 7.15 Stock Subdivisions (Stock Splits)

- (1) For a stock subdivision accomplished by stock dividend, the Listed Issuer must File the following documentation at least seven trading days prior to the Record Date:
  - (a) a Notice of Stock Subdivision (Form 17);
  - (b) written confirmation of the Record Date;
  - (c) an opinion of counsel that all necessary steps have been taken to effect the subdivision and that the securities to be issued will be duly issued and will be fully paid and non-assessable (or equivalent in the case of non-corporate issuers); and
  - (d) if the security split is part of a reclassification, confirmation of the new CUSIP number.
- (2) Subject to section 7.15(3), the securities will begin trading on a split basis one trading day prior to the Record Date for a stock subdivision accomplished by stock dividend.
- (3) Due Bill trading may be used in certain circumstances for a stock subdivision accomplished by stock dividend as determined at the discretion of the Exchange. See section 6.02.

- (4) For a stock subdivision accomplished by amendment to the constating documents, the Listed Issuer must File the following documentation at least seven trading days prior to the Effective Date:
  - (a) a Notice of Stock Subdivision (Form 17), which shall specify the Effective Date and the date that the constating document giving effect to the stock split will be filed;
  - (b) a certified copy of the minutes of the security holder meeting approving the stock split;
  - (c) an opinion of counsel that all necessary steps have been taken to effect the subdivision and that the securities to be issued will be duly issued and will be fully paid and non-assessable (or equivalent in the case of non-corporate issuers);
  - (d) confirmation of the new CUSIP number, if applicable; and
  - (e) a copy of the letter of transmittal for the stock split, if applicable.
- (5) A Listed Issuer that effects a stock subdivision by amendment to its constating documents must ensure that the constating document giving effect to the stock subdivision is filed and effective as of the commencement of trading on the Effective Date, and must File a copy of the applicable constating document no later than the Effective Date.
- (6) For a stock subdivision accomplished by amendment to the constating documents, the securities will begin trading on a split basis two or three trading days following the Filing of all required documents, or as otherwise provided by the Exchange.

#### **7.16 Security Consolidations**

- (1) A new CUSIP number must be obtained for the consolidated securities.
- (2) A Listed Issuer may not consolidate its securities if the total securities outstanding and number of Board Lot holders following the consolidation would be less than the minimums for continued listing set out in Part III.
- (3) To give effect to a security consolidation, the Listed Issuer must File the following documentation at least seven trading days prior to the Effective Date:
  - (a) a Notice of Security Consolidation (Form 18), which shall specify the Effective Date and the date that the constating document giving effect to the consolidation will be filed;
  - (b) a Confirmation of Distribution Requirements (Form 18A);
  - (c) a certified copy of the minutes of the security holder meeting approving the consolidation;



- (d) an opinion of counsel that all necessary steps have been taken to effect the consolidation;
  - (e) confirmation of the new CUSIP number, if applicable; and
  - (f) a copy of the letter of transmittal for the consolidation, if applicable.
- (4) A Listed Issuer that effects a consolidation must ensure that the constating document, giving effect to the consolidation, is filed and effective as of the commencement of trading on the Effective Date and must File a copy of the applicable constating document no later than the Effective Date.
  - (5) The securities will begin trading on a consolidated basis two or three trading days following the Filing of all required documents, or as otherwise provided by the Exchange.
  - (6) The Exchange will assign a new stock symbol when the securities begin trading on a consolidated basis. The Listed Issuer should submit any requests in this regard in advance of the consolidation becoming effective.

#### 7.17 Security Reclassifications

- (1) A Listed Issuer wishing to effect a security reclassification into one or more classes of securities or other change to its capital structure must consult the Exchange. The requirements to give effect to the reclassification will be tailored to the Listed Issuer's particular situation.

##### **Commentary:**

*The Exchange will consider transactions that change the nature of an Investment Fund to be a security reclassification. Such transactions may include a conversion of:*

- A CEF into an ETF;
- An ETF into a CEF.

*The Listed Issuer should consider whether such reclassification will trigger a requirement under Canadian securities legislation to seek security holder approval. In the case of an Investment Fund, the Listed Issuer should consider whether the reclassification will result in a fundamental change to the investment objective of the Investment Fund, or such other change requiring securityholder approval under Part 5 of National Instrument 81-102.*

- (2) To give effect to a security restructuring, the Listed Issuer must File the following documentation at least seven trading days prior to the Effective Date:
  - (a) a Notice of Security Restructuring (Form 19) which shall specify the Effective Date and the date that the constating document giving effect to the reclassification will be filed;

- (b) a certified copy of the minutes of the security holder meeting approving the reclassification, if applicable;
  - (c) an opinion of counsel that all necessary steps have been taken to effect the reclassification, and that the new securities are or will be duly authorized and are or will be fully-paid and non-assessable (or equivalent in the case of non-corporate issuers), if applicable;
  - (d) confirmation of the new CUSIP number(s), if applicable; and
  - (e) a copy of the letter of transmittal for the reclassification, if applicable.
- (3) A Listed Issuer that effects a reclassification must ensure that the constating document giving effect to the reclassification is filed and effective as of the commencement of trading on the Effective Date, and must File, no later than the Effective Date, a copy of the constating document giving effect to the reclassification.
- (4) The securities will begin trading on a post-reclassification basis two or three trading days following the Filing of all required documents, or as otherwise provided by the Exchange.
- (5) The Exchange may assign a new stock symbol to the new securities. The Listed Issuer should submit any requests in this regard in advance of the restructuring becoming effective.

#### **D. Issuer Bids Through the Exchange's Facilities**

##### **7.18 Issuer Bids**

- (1) A Listed Issuer undertaking a formal issuer bid for a class of Listed Securities must File the following documentation:
- (a) a Notice of Formal Issuer Bid (Form 20) within one trading day following announcement of the bid; and
  - (b) a copy of the issuer bid circular required by applicable Canadian securities legislation as soon as practicable.
- (2) A Listed Issuer undertaking a formal issuer bid for a class of Listed Securities must File a Notice of Cancellation of Securities (Form 14B) within five trading days following completion of the bid.

##### **7.19 Normal Course Issuer Bids – Procedure**

- (1) Sections 7.19 through 7.21 apply to:
- (a) all Normal Course Issuer Bids by Listed Issuers; and

- (b) all purchases of Listed Securities by a trustee or other agent for a pension, stock purchase, stock option, dividend reinvestment or other plan in which employees or securities holders of a Listed Issuer may participate if:
  - (i) the trustee or agent is an employee, director, associate or affiliate of the Listed Issuer, or
  - (ii) the Listed Issuer directly or indirectly controls the time, price, amount or manner of purchases or directly or indirectly influences the choice of the broker through which purchases are made.

**Commentary:**

*These provisions do not apply if the purchases are made on the specific instruction of the employee or security holder who will be the beneficial owner of the securities purchased.*

- (2) A Listed Issuer must not announce a Normal Course Issuer Bid or File any documentation in connection with a Normal Course Issuer Bid, if it does not have a present intention to purchase securities.
- (3) The maximum number of securities to be purchased under a Normal Course Issuer Bid cannot be a number that would make that class of securities ineligible for continued listing on the Exchange, assuming all the securities are purchased.
- (4) A Listed Issuer intending to make a Normal Course Issuer Bid for a class of Listed Securities must File a draft Notice of Normal Course Issuer Bid (Form 20A), which states the maximum number of securities the issuer intends to purchase under the bid, seven trading days prior to issuing a news release announcing the details of the bid; the final Form 20A must be Filed when the news release is disseminated.

**Commentary:**

*An issuer may make a bid for less than the maximum number of securities permitted by the definition of Normal Course Issuer Bid. If so, the Form 20A must contain the number of securities the issuer intends to purchase rather than simply stating the maximum number. Subsection (7) allows a Listed Issuer to increase the maximum number of securities that are the subject of the bid.*

*The Exchange will review the Form 20A to determine if the NCIB is acceptable based on market integrity concerns.*

*The news release announcing the bid must contain a summary of the information in Form 20A, including the maximum number of shares to be purchased, the reason for the bid, any restrictions on purchase and the number of shares purchased in the preceding twelve months.*

- (5) A Normal Course Issuer Bid expires on the earlier of:
  - (a) one year from the date of Filing of the Form 20A commencing the NCIB (without reference to the date of Filing of any amended Form 20A); and

- (b) any earlier date specified in the Form 20A.

***Commentary:***

*An issuer wishing to continue a bid for more than one year must File a new Form 20A no later than the expiry date of the current form.*

- (6) The maximum number of securities that can be purchased under the bid must be adjusted for stock splits, stock dividends and stock consolidations. The Listed Issuer must File an amended Form 20A reflecting the adjustment at the same time as it Files the documentation required for the subdivision or consolidation.
- (7) If:
- (a) the original Form 20A specified purchases of less than the maximum number permitted under the definition of Normal Course Issuer Bid, a Listed Issuer may File a revised Form 20A permitting the purchase of up to the greater of 10% of the Public Float or 5% of the outstanding securities as of the date of the Filing of the original Form 20A; and
- (b) the number of securities outstanding of the class that is the subject of the Normal Course Issuer Bid has increased by more than 25% from the date of Filing of the original Form 20A, a Listed Issuer may File a revised Form 20A permitting the purchase of up to the greater of 10% of the Public Float or 5% of the outstanding securities as of the date of the Filing of the amended Form 20A.
- (8) A Listed Issuer must File a revised Form 20A in the event of any material change in the information in the current Form 20A, as soon as practicable, following the material change.

***Commentary:***

*A change in the number of shares outstanding is not a material change requiring filing of an amended form unless the issuer is increasing the number of shares it intends to purchase pursuant to subsection (7). A decrease in the number of shares the issuer intends to purchase is a material change.*

- (9) A Listed Issuer must issue a news release prior to or concurrently with the filing of any amended Form 20A containing full details of the amendment.
- (10) Within 10 days of the end of each calendar month, the Listed Issuer, trustee or agent must File a completed Form 20B indicating the number of securities purchased in the previous month (on the Exchange or otherwise), including the volume weighted average price paid.

**7.20 Normal Course Issuer Bids – Restrictions on Purchases**

- (1) A Listed Issuer, trustee or agent must appoint one (and only one) Member at any one time to make purchases under the bid. The Listed Issuer must notify the Market Regulator and the Exchange of the name of the Member and the registered representative responsible for the bid. To assist the Exchange in its surveillance function, the Listed Issuer is required to

provide written notice to the Exchange before it intends to change its purchasing Member. The purchasing Member shall be provided with a copy of Form 20A and be instructed to make purchases in accordance with the provisions herein and the terms of such notice.

- (2) Normal course issuer bid purchases may not be made by intentional crosses, prearranged trades or private agreements, except for purchases under the block purchase exemption in subsection 7.21(5).
- (3) If a Normal Course Issuer Bid is outstanding at the time a sale from a Control Person under Part 2 of National Instrument 45-102 *Resale of Securities* is underway, the Member making purchases under the bid must ensure that it is not bidding for securities at the same time securities are offered under the sale from control.
- (4) A Listed Issuer must not purchase securities under a Normal Course Issuer Bid, while a formal issuer bid for the same securities is outstanding. This restriction does not apply to a trustee or agent making purchases for a plan in which employees, or security holders, participate.
- (5) If a Listed Issuer has a securities exchange take-over bid outstanding at the same time as a Normal Course Issuer Bid is outstanding for the offered securities, the Listed Issuer may only make purchases under the Normal Course Issuer Bid permitted by OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions*.
- (6) A Listed Issuer, trustee or agent may not make any purchases under a Normal Course Issuer Bid while in possession of any Material Information that has not been disseminated under Part V of this Listing Manual.
- (7) Failure of a Member making purchases pursuant to a Normal Course Issuer Bid to comply with any requirement herein may result in the suspension of the bid.

#### **7.21 Normal Course Issuer Bids – Limits on Price and Volume**

- (1) Normal Course Issuer Bid purchases may not begin until two trading days after the later of:
  - (a) the Filing of a Form 20A or amended Form 20A in connection with the bid; and
  - (b) the issuance of a news release containing details of the Form 20A or amended Form 20A.
- (2) It is inappropriate for a Listed Issuer making a Normal Course Issuer Bid to abnormally influence the market price of its securities. Normal Course Issuer Bid purchases must be made at or below the price of the last independent trade of the security (on any marketplace) at the time of purchase. Notwithstanding the foregoing, a violation to the preceding rule will not occur where: (i) the independent trade occurred no more than one second before the Normal Course Issuer Bid purchase that created the uptick, (ii) the independent trade is a down tick to the previous trade and the Normal Course Issuer Bid purchase would not have created an uptick to the trade prior to the last independent trade, and (iii) the price

difference between the independent trade and the Normal Course Issuer Bid purchase was not more than \$0.02.

***Commentary:***

*The following are not considered independent trades, whether made directly or indirectly:*

- *trades for the account or an Insider of the Listed Issuer or for an account under the direction of an Insider;*
- *trades for the account of the Member making purchases under the bid or under the direction of the Member;*
- *trades solicited by the Member making purchases under the bid; and*
- *trades made by the Member making purchases for the bid in order to facilitate a subsequent block purchase by the Listed Issuer.*

*The Exchange will not consider this section to be violated by an inadvertent uptick caused by a change in the last sale price that occurred immediately prior to the entry of the purchase order.*

- (3) Normal course issuer bid purchases may not be made at the opening of trading or during the 30 minutes prior to the scheduled closing of the continuous trading session. Orders may be entered in the closing call notwithstanding the price restriction in subsection (2).
- (4) Except as provided in subsection (5), a Listed Issuer that is not an Investment Fund must not make a purchase that, when aggregated with all other purchases during the same trading day, exceeds the greater of:
  - (a) 25% of the Average Daily Trading Volume of the security; and
  - (b) 1,000 of such securities.
- (5) Notwithstanding the restriction in subsection (4), a Listed Issuer may make a purchase of a block of securities that:
  - (a) has a purchase price of at least \$200,000;
  - (b) is at least 5,000 securities with an aggregate purchase price of at least \$50,000; or
  - (c) is at least 20 Board Lots and is greater than 150% of the Average Daily Trading Volume of the security, provided that:
    - (i) the block is naturally occurring, and does not consist of a combination of orders for the purpose of artificially creating a block to rely on this section;
    - (ii) the block is not beneficially owned by, or is not under the control or direction of, a Related Person of a Listed Issuer;
    - (iii) the Listed Issuer makes no more than one purchase under this subsection in a calendar week; and
    - (iv) after making a block purchase, the Listed Issuer makes no further purchases during that trading day.

***Commentary:***

*The block purchase exemption is only an exemption from the daily purchase restrictions. Listed Issuers cannot make a block purchase that would result in more shares purchased than permitted under the Form 20A filed in connection with the bid.*

- (6) A Listed Issuer that is an Investment Fund must not make a purchase that, when aggregated with all other purchases during the preceding 30 days, exceeds 2% of the securities of that class outstanding as of the date of filing of the Form 20A in connection with the bid.

**E. Shareholder Rights Plans**

**7.22 Shareholder Rights Plans – Procedure**

- (1) This section applies to any shareholder rights plan, commonly known as a “poison pill,” adopted by a Listed Issuer, whether or not the rights entitle a shareholder to purchase a Listed Security.

***Commentary:***

*Poison pills are subject to review by the applicable securities commissions under National Policy 62-202 Take-Over Bids — Defensive Tactics.*

- (2) A Listed Issuer must File the following documentation as soon as practicable after issuing a news release with details of the plan:
  - (a) a Notice of Shareholder Rights Plan (Form 21); and
  - (b) a copy of the shareholder rights plan, unless filed on SEDAR.
- (3) A shareholder rights plan may not exempt any security holders from the operation of the plan, except that, where minority shareholder approval is obtained, a shareholder rights plan may provide exemptions to grandfather existing security holders.

***Commentary:***

*Minority shareholder approval means the approval of security holders who are not exempted from the plan.*

- (4) A shareholder rights plan may not have a triggering threshold of less than 20% unless shareholder approval is obtained.
- (5) Security holders of the Listed Issuer must ratify the shareholder rights plan no later than six months following the adoption of or any material amendments to the plan. If security holder ratification is not obtained within this time period, the plan must be cancelled.
- (6) The Listed Issuer must issue a news release immediately upon the occurrence of an event causing the rights to separate from Listed Security.

## PART VIII. SIGNIFICANT TRANSACTIONS

### 8.01 Notification

- (1) A Listed Issuer must give notice to the Exchange of significant transactions that do not involve the issuance of securities. The Exchange considers the following to be significant transactions:
  - (a) any transaction or series of transactions with a Related Person of a Listed Issuer with an aggregate value greater than 10% of the Listed Issuer's market capitalization on a pre-transactional basis;
  - (b) any transaction or series of transactions by a Listed Issuer having an aggregate value greater than 25% of the Listed Issuer's market capitalization on a pre-transactional basis;
  - (c) any loan to a Listed Issuer other than by a financial intermediary in the ordinary course on reasonable commercial terms (as defined in OSC Rule 14-501 *Definitions*);
  - (d) any loan by a Listed Issuer unless such loan is in the ordinary course of business;
  - (e) any payment of a bonus, finder's fee, commission or other similar payment in connection with an issuance of securities; or
  - (f) where the Listed Issuer is the subject of a take-over bid.

**Commentary:**

*A Listed Issuer is required to provide notice of significant transactions that are outside of the ordinary course of business that may raise market integrity issues. The Listed Issuer should interpret this obligation broadly and err on the side of disclosure if it is uncertain whether a transaction would trigger the notification requirement. The above list details what transactions the Exchange will consider to be outside of the ordinary course of business, however, the Exchange, in its discretion, may deem other transactions to be significant transactions requiring compliance with this Part.*

- (2) In addition, a Listed Issuer must provide additional details of any transaction or development it is obliged to disclose under the Exchange's Timely Disclosure Policy.

**Commentary:**

*The Exchange expects that a Listed Issuer will provide updates to the market when changes that are material occur in respect of a significant transaction. A Listed Issuer must provide sufficient details of any such developments to provide the market with a meaningful update. Examples of such changes include, but are not limited to: changes in the closing date of an acquisition or disposition; changes in consideration offered; creation of a new Insider of a Listed Issuer; and any risks involved in an acquisition or disposition.*



- (3) A transaction that results in a change of business may be subject to the reverse take-over rules contained in Part IX of this Listing Manual. Significant related party transactions may also be subject to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.
- (4) Listed Issuers intending to undertake a transaction for which notice is required must:
  - (a) for all transactions that have an aggregate value greater than 10% of the Listed Issuer's market capitalization on a pre-transactional basis, File a Notice of Significant Transaction (Form 22) seven trading days prior to the public announcement of the transaction; and
  - (b) for all other transactions, File a Notice of Significant Transaction (Form 22) one trading day following the public announcement of the transaction.
- (5) All notices Filed with the Exchange will be held in confidence until the public announcement is made.
- (6) The Listed Issuer must notify the Exchange when the transaction has closed.

## PART IX. REVERSE TAKE-OVER TRANSACTIONS

### 9.01 Definition

- (1) A reverse take-over transaction means a “reverse take-over” within the meaning of National Instrument 51-102. The Exchange also considers a significant acquisition by a Listed Issuer accompanied or preceded by a change of control to be a “reverse take-over”. The Exchange has discretion to deem any transaction or series of transactions to be a reverse take-over transaction.

#### ***Commentary:***

*A significant acquisition is any transaction, whether by asset purchase, take-over bid, amalgamation, arrangement, merger or otherwise that substantially changes the Listed Issuer’s business. A business is considered to be substantially changed if more than 50% of the issuer’s assets or 50% of its revenues following the change are from the assets, business or other interest that is the subject of the significant acquisition.*

*In this context, a change of control results when a Listed Issuer issues securities (calculated on a fully diluted basis) equal to more than 100% of the number of outstanding equity securities (calculated on a non-diluted basis) in connection with the significant acquisition (including an offering to raise money to be able to make a cash acquisition) or where there is a substantial change in management or the board of directors of the Listed Issuer.*

- (2) A Listed Issuer completing a reverse take-over transaction must comply with all of the initial listing requirements detailed in Part II. Listed Issuers are urged to consult with the Exchange at an early stage when contemplating any transaction that might be considered a reverse take-over transaction.

### 9.02 Exception

- (1) Reverse take-over transactions are subject to additional regulation because the business of the Listed Issuer has fundamentally changed such that the Listed Issuer’s past disclosure is not as relevant to the entity resulting from the significant acquisition. A transaction involving two or more Listed Issuers does not give rise to these concerns and will not be considered a reverse take-over transaction, except in exceptional cases; however, such Listed Issuers should consult with the Exchange prior to undertaking a reverse take-over transaction.
- (2) Notwithstanding anything else in this Listing Manual, the exception in subsection 9.02(1) does not apply to a reverse take-over of an Investment Fund.

### 9.03 Procedure

- (1) A Listed Issuer undergoing a reverse take-over transaction must meet the standards and follow the procedures outlined for an initial listing. In addition, it must obtain security holder approval for the significant acquisition and comply with all applicable requirements of Canadian securities legislation. For this purpose, holders of Restricted Securities must be entitled to vote with the holders of any class of securities of the Listed Issuer, which

otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the Listed Issuer.

- (2) The information circular must contain prospectus level disclosure in accordance with National Instrument 51-102F5, section 14.2, and for the purposes thereof, the reverse take-over transaction is deemed to be a “restructuring transaction” within the meaning of National Instrument 51-102F5. For these purposes, the information circular may be filed in lieu of the Listing Document required under section 2.13 for the listing of the resulting company. The Exchange will require the Listed Issuer to file a draft of the information circular with the Exchange, for review, at least 10 trading days before it intends to send the circular to security holders.
- (3) The Listed Issuer must submit the applicable fees at the time that the draft information circular is delivered.
- (4) Principals of the resulting company must enter into an escrow agreement with the Exchange that complies with the requirements of NP 46-201. The Exchange will require the Listed Issuer to provide a draft of such escrow agreement(s) to the Exchange for review at least 10 trading days prior to its execution. The terms of the escrow agreement must be drafted as if the Listed Issuer were an “established issuer” pursuant to the terms of NP 46-201.

***Commentary:***

*The Exchange may grant an exemption to the escrow agreement required if the resulting issuer will be an “exempt issuer” pursuant to section 3.2(b) of NP 46-201.*

- (5) Securities issued pursuant to a reverse take-over transaction will be subject to the Maximum Discount to Market Price, minimum pricing and other requirements detailed in sections 7.04 and 7.05 of this Listing Manual.
- (6) Following the security holder approval, the Listed Issuer must, in addition to any documents that must be Filed in accordance with Part II of this Listing Manual, File the following documents with the Exchange:
  - (a) a certified copy of the scrutineer’s report which details the results of the vote on the resolution to approve the reverse take-over transaction (if applicable, the report must confirm that security holder approval was obtained on any other matters in respect of which it was required);
  - (b) an original or notarial certified copy of any escrow agreement(s) required to be entered into pursuant to subsection 9.03(4); and
  - (c) a legal opinion or officer’s certificate confirming that all closing conditions have been satisfied.

## PART X. CORPORATE GOVERNANCE AND SECURITY HOLDER APPROVAL

### A. Corporate Governance

#### 10.01 Application

- (1) Sections 10.02, 10.03, 10.04, 10.05, 10.12, 10.13 and 10.16 do not apply to ETPs.
- (2) Section 10.06 applies only to Listed Issuers that are Investment Funds.

#### 10.02 Governance of Listed Issuers

- (1) A Listed Issuer must have a board of directors that includes at least two Independent Directors or, when the board of directors consists of six or more members, must be composed of at least one-third Independent Directors.

**Commentary:**

*A Listed Issuer with sufficient financial resources is expected to have a board of directors composed of at least a majority of Independent Directors.*

*The Independent Directors should hold regularly scheduled meetings (or in camera sessions) at which non-Independent Directors and members of management are not in attendance. In camera sessions should be held by the Independent Directors at every scheduled board meeting, at a minimum.*

- (2) A Listed Issuer must have a Chief Executive Officer, a Chief Financial Officer who cannot be the Chief Executive Officer, and a secretary.
- (3) At each annual meeting of holders of listed securities, the board of directors must permit security holders of each class or series to vote on the election of all directors to be elected by such class or series.
- (4) Materials sent to security holders in connection with a meeting of security holders, at which directors are being elected, must provide for voting on each individual director.
- (5) Each director of a listed issuer must be elected by a majority of the votes cast with respect to his or her election other than at contested meetings ("**Majority Voting Requirement**"). For a SPAC, this provision does not apply prior to the completion of a Qualifying Transaction.

**Commentary:**

*A "contested meeting" is defined as a meeting at which the number of directors nominated for election is greater than the number of seats available on the board.*

- (6) A Listed Issuer must implement the Majority Voting Requirement by adopting a written policy, or by otherwise including it in its articles, by-laws or other similar instruments. The Majority Voting Requirement must substantially provide for the following:

- (a) any director must immediately tender his or her resignation to the board of directors if he or she is not elected by a majority of the votes cast with respect to his or her election;
  - (b) the board shall determine whether or not to accept the resignation within 90 days after the date of the relevant security holders' meeting and the board shall accept the resignation absent exceptional circumstances;
  - (c) the resignation will be effective when accepted by the board;
  - (d) a director who tenders a resignation pursuant to the Majority Voting Requirement will not participate in any portion of the meeting of the board or any sub-committee of the board at which the resignation is considered; and
  - (e) the issuer shall promptly issue a news release with the board's decision, a copy of which must be filed with the Exchange (if the board determines not to accept a resignation, the news release must fully state the reasons for that decision).
- (7) The Listed Issuer must fully describe the Majority Voting Requirement on an annual basis, in its materials sent to holders of listed securities in connection with a meeting at which directors are being elected.
- (8) Listed Issuers that are majority controlled are exempted from the Majority Voting Requirement. Listed Issuers with more than one class of listed voting securities may only rely on this exemption with respect to the majority controlled class or classes of securities that vote together for the election of directors. A Listed Issuer relying on this exemption must disclose, on an annual basis in its materials sent to holders of listed securities in connection with a meeting at which directors are being elected, its reliance on this exemption and its reasons for not adopting majority voting.

**Commentary:**

*“Majority controlled” is defined as a security holder or company that beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 50% or more of the voting rights for the election of directors, as of the record date for the meeting.*

- (9) Following each meeting of security holders at which there is a vote on the election of directors at an uncontested meeting, each Listed Issuer must promptly disclose by press release the detailed voting results for the election of each director.

**Commentary:**

*The disclosure is intended to provide the reader with insight into the level of support received for each director. Accordingly, the disclosure should disclose the percentage and/or number of votes received 'for' and 'withheld' for each director.*

*If no formal count has occurred that would meaningfully represent the level of support received by each director, for example when a vote is conducted by a show of hands, the Listed Issuer should disclose the*

*percentage and/or number of votes represented by proxy that were voted 'for' and 'withheld' for each director.*

- (10) In respect of the solicitation of proxies or votes, a Listed Issuer is prohibited from paying intermediaries unless payment is made for all votes obtained during a contested director election, whether such votes are in favour of or against management's recommended director nominees.

***Commentary:***

*A Listed Issuer with sufficient financial resources would also be expected to monitor and consider adopting additional corporate governance best practices.*

**10.03 Audit Committee**

- (1) A Listed Issuer must have an audit committee that complies with the requirements of National Instrument 52-110 Audit Committees.
- (2) A Listed Issuer that is an EMI must have an audit committee that meets the requirements in paragraph 2.10(6)(e).

**10.04 Compensation Committee**

- (1) A Listed Issuer must have a compensation committee composed of a majority of Independent Directors that:
  - (a) reviews and approves goals and objectives relevant to the Chief Executive Officer's compensation;
  - (b) evaluates the Chief Executive Officer's performance with respect to those goals and objectives;
  - (c) determines the Chief Executive Officer's compensation (both cash-based and equity-based);
  - (d) reviews and approves incentive compensation plans and equity-based plans and determines whether security holder approval should be obtained; and
  - (e) makes recommendations to the board with respect to compensation of other senior officers and directors.
- (2) A Listed Issuer does not have to establish a compensation committee if the matters discussed in section 10.04, other than paragraph 10.04(1)(e), are approved by Independent Directors constituting a majority of the board's Independent Directors in a vote in which only Independent Directors participate.

***Commentary:***

*For a SPAC, this provision does not apply prior to the completion of a Qualifying Transaction.*

### **10.05 Nominating and Corporate Governance Committee**

- (1) A Listed Issuer must have a nominating and corporate governance committee composed of a majority of Independent Directors that is responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees for the next annual meeting of shareholders. In making its recommendations, the nominating and corporate governance committee should consider:
  - (a) the competencies and skills that the board considers to be necessary for the board, as a whole, to possess;
  - (b) the diversity of the board composition, including whether targets have been adopted for women, visible minorities, Aboriginal people and people with disabilities on the board or in executive officer positions;
  - (c) the competencies and skills that the board considers each existing director to possess; and
  - (d) the competencies and skills each new nominee will bring to the boardroom.
- (2) The nominating and corporate governance committee should also consider whether or not each new nominee can devote sufficient time and resources to his or her duties as a board member.
- (3) A Listed Issuer does not have to establish a nominating and corporate governance committee if the matters discussed in section 10.05 are approved by Independent Directors constituting a majority of the board's Independent Directors in a vote in which only Independent Directors participate.

***Commentary:***

*For a SPAC, this provision does not apply prior to the completion of a Qualifying Transaction.*

### **10.06 Independent Review Committee**

A Listed Issuer that is an Investment Fund must have an independent review committee that complies with the requirements of National Instrument 81-107 *Independent Review Committee for Investment Funds*.

### **10.07 Quorum Requirements**

The quorum for each meeting of security holders of a Listed Issuer must be in compliance with applicable corporate or securities legislation and the constating documents of the Listed Issuer.

## **B. Security Holder Approval**

### **10.08 No Derogation from Corporate or Securities Law or Constatng Documents**

The provisions of this Part are in addition to any requirement for security holder approval or minority security holder approval in corporate or securities legislation or the constating documents of a Listed Issuer.

### **10.09 General Principles**

- (1) Any Related Party of a Listed Issuer that has a material interest in a transaction that: (a) differs from the interests of shareholders generally and, (b) would materially affect the Listed Issuer, may not vote on any resolution to approve that transaction.
- (2) An Exchange Requirement for security holder approval may be satisfied by obtaining a written resolution signed by holders of at least 50% of the holders entitled to vote thereon, and specifically excluding holders who are excluded from voting by Exchange Requirements, corporate or securities law or the constating documents of the Listed Issuer.
- (3) Listed Issuers using the exemption set out in subsection 10.09(2) will be required to issue a press release at least seven trading days in advance of the closing of the transaction, which shall disclose the material terms of the transaction and that the Listed Issuer has relied upon this exemption.
- (4) Notwithstanding the foregoing, any security holder approval requirement contained in corporate or securities legislation or the constating documents of the Listed Issuer must be obtained in accordance with those sources of law.
- (5) The security holder approval requirements apply to transactions involving the issuance or potential issuance of listed Non-Voting Securities.
- (6) Where a transaction will affect the rights of holders of different classes of securities, the security holder approval requirements will apply on a class-by-class basis. If there is more than one class, the Exchange permits voting together as if a single class or series so long as it complies with all applicable corporate and securities legislation and the issuer's constating documents.
- (7) Where a transaction involves the issuance of Restricted Securities or Super-Voting Securities, the provisions of Part X, section C (Restricted Securities) shall apply.
- (8) Materials sent to security holders in connection with the vote for approval must contain information in sufficient detail to allow a security holder to make a fully-informed decision. The Exchange will require the Listed Issuer to file a draft of the information circular with the Exchange for review of market integrity issues before it sends the circular to security holders in respect of a transaction that requires the Listed Issuer to File any Form or otherwise provide notice to the Exchange.



- (9) In addition to any specific requirement for security holder approval, the Exchange will generally require security holder approval if in the opinion of the Exchange the transaction materially affects control of the Listed Issuer.

**Commentary:**

*The Exchange takes the view that “materially affects control” means the ability of any security holder or combination of security holders acting together to influence the outcome of a vote of security holders, including the ability to block significant transactions. This ability will be affected by the circumstances of a particular case, including the presence or absence of other large security holdings, the pattern of voting behaviour by other holders at previous security holder meetings and the distribution of the voting securities. A transaction that results, or could result, in a new Control Person will be considered to materially affect control, unless the circumstances indicate otherwise.*

**10.10 Securities Offering**

- (1) Subject to subsection 10.10(2), security holders of Listed Issuers must approve a proposed securities offering (by way of prospectus or by private placement) if:
- (a) the number of securities issuable in the offering (calculated on a fully diluted basis) is more than 25% of the total number of securities or votes outstanding (calculated on a non-diluted basis) and the price of the offering is less than the closing price of the security on the day preceding the date on which the Listed Issuer announced the offering, but not less than the Maximum Discount to Market Price;
  - (b) the price is less than the Maximum Discount to Market Price, regardless of the number of shares to be issued; or
  - (c) the number of securities issuable to Related Persons of the Listed Issuer in the offering, when added to the number of securities issued to Related Persons of the Listed Issuer in private placements or acquisitions in the preceding twelve months (in each case, calculated on a fully-diluted basis), is more than 10% of the total number of securities or votes outstanding (calculated on a non-diluted basis), regardless of the price of the offering.

**Commentary:**

*In determining whether the 25% threshold has been crossed, all securities issuable in the offering are counted, whether or not convertible securities are out of the money, and no other issued convertible securities are counted, whether or not they are in the money.*

*For example, ABC has 10,000,000 common shares outstanding and has outstanding securities convertible into 5,000,000 common shares at \$10.00. The market price of ABC’s common shares is \$15.00. If ABC were to complete a private placement of 1,500,000 common shares at \$14.75 with a sweetener of warrants convertible into a further 1,500,000 common shares at \$20.00, shareholder approval would be required as the maximum number of shares issuable (3,000,000) is more than 25% of the 10,000,000 shares outstanding. The securities convertible into common shares at \$10.00 are not counted. If the offering was*

*completed at \$15.00 or higher, there would be no requirement for shareholder approval unless the provisions for approval of transactions with Related Persons apply.*

*In calculating the number of shares issued to Related Persons to the Listed Issuer in the previous twelve months, do not include shares that were issued in a transaction approved by shareholders.*

- (2) Security holder approval of an offering is not required if:
- (a) the Listed Issuer is in serious financial difficulty;
  - (b) the Listed Issuer has reached an agreement to complete the offering;
  - (c) no Related Person of a Listed Issuer is participating in the offering; and
  - (d) the
    - (i) audit committee, if comprised solely of Independent Directors, or
    - (ii) Independent Directors constituting a majority of the board's Independent Directors in a vote in which only Independent Directors participate,have determined that the offering is in the best interests of the Listed Issuer, is reasonable in the circumstances and that it is not feasible to obtain security holder approval or complete a rights offering to existing security holders on the same terms.
- (3) A Listed Issuer taking advantage of the exemption in subsection 10.10(2) must issue a news release five days in advance of the security offering stating it will not hold a security holder vote and fully explaining how it qualifies for the exemption.

### **10.11 Acquisitions**

- (1) For Listed Issuers that are not Investment Funds, security holders must approve an acquisition if:
- (a) the total number of securities (calculated on a fully diluted basis) issuable to Related Persons of a Listed Issuer for the acquisition, together with any other acquisitions over the preceding six months, is more than 10% of the total number of securities of the Listed Issuer outstanding (calculated on a non-diluted basis); or
  - (b) the total number of securities issuable (calculated on a fully diluted basis) is more than 25% of the total number of securities or votes of the Listed Issuer outstanding (calculated on a non-diluted basis);
- where,
- (c) the term "total number of securities issuable" includes securities issuable pursuant to:
    - (i) the acquisition agreement;

- (ii) (X) any Security Based Compensation Arrangement of the target entity assumed by the Listed Issuer, (Y) Awards issued by the Listed Issuer as a replacement for Awards issued by the target entity, and (Z) Security Based Compensation Arrangements created for employees of the target entity as a result of the acquisition; and
  - (iii) any concurrent prospectus offering or private placement upon which the acquisition is contingent or otherwise linked.
- (2) A Listed Issuer that is an Investment Fund must comply with applicable securities laws requirements.

### **10.12 Security Based Compensation**

- (1) This section governs the adoption of, and issuance of Awards under, Security Based Compensation Arrangements.
- (2) The adoption of a Security Based Compensation Arrangement and the issuance of Awards thereunder must be made in compliance with applicable Canadian securities legislation and/or exemptions from prospectus requirements, including (if required) compliance with section 2.24 of National Instrument 45-106 *Prospectus and Registration Exemptions*.
- (3) When instituted all Security Based Compensation Arrangements must be approved by:
  - (a) a majority of the Listed Issuer's directors; and
  - (b) the Listed Issuer's security holders.
- (4) Within three years after institution and within every three years thereafter, a Listed Issuer must obtain security holder approval for an evergreen plan (also known as a rolling plan) in order to continue to grant Awards. Evergreen plans contain provisions so that the Awards replenish upon the exercise of options or other entitlements, and such provisions must be properly disclosed and approved by security holders. Security holders must pass a resolution specifically approving unallocated entitlements under the evergreen plan. Security holder approval relating to other types of amendments to an evergreen plan must not be accepted as implicit approval to continue granting Awards under an evergreen plan. In addition, the resolution should include the next date by which the Listed Issuer must seek security holder approval, such date being no later than three years from the date such resolution was approved. If security holder approval is not obtained within three years of either the institution of an evergreen plan or subsequent approval, as the case may be, all unallocated entitlements must be cancelled and the Listed Issuer must not be permitted to grant further entitlements under the evergreen plan, until such time as security holder approval is obtained. However, all allocated Awards under an evergreen plan, such as options that have been granted but not yet exercised, can continue unaffected. If security holders fail to approve the resolution for the renewal of a plan, the Listed Issuer must forthwith stop granting Awards under such plan, even if such renewal approval was sought prior to the end of the three-year period.
- (5) Subject to subsections 10.12(6) and 10.12(7), an amendment to a material term of a Security Based Compensation Arrangement or Award must be approved by:

- (a) a majority of the Listed Issuer's directors; and
- (b) the Listed Issuer's security holders.

***Commentary:***

*The Exchange considers material terms of an Award or Security Based Compensation Arrangement to include provisions such as: an increase to the maximum number of securities issuable; who is an eligible optionee pursuant to a plan; the duration in which a grant expires after the grantee leaves the issuer or dies; or changes to fixed vesting schedules.*

*Amendments of a housekeeping nature do not require any particular director or shareholder approvals.*

- (6) A Security Based Compensation Arrangement may provide discretion to the Listed Issuer's board of directors to make amendments to specified material terms of the Security Based Compensation Arrangement or an Award without obtaining approval of the Listed Issuer's security holders. Where the Security Based Compensation Arrangement provides such discretion, such amendments may be made with the approval of the Listed Issuer's board of directors, other than directors that would receive, or would be eligible to receive, a material benefit resulting from the amendment. If the board of directors is unable to approve an amendment because of the restrictions on eligibility to vote, the amendment to the material terms of a Security Based Compensation Arrangement or an Award must be approved by security holders, other than security holders that would receive, or would be eligible to receive, a material benefit resulting from such amendment.
- (7) Notwithstanding subsection 10.12(6), security holder approval, excluding security holders that would receive, or would be eligible to receive, a material benefit resulting from the following actions, is required for any of the following:
  - (a) an increase to the maximum number of securities issuable where, following the increase, the total number of securities issuable under all Security Based Compensation Plans of the Listed Issuer is equal to or greater than 10% of the securities of the Listed Issuer (calculated on a non-diluted basis) outstanding as of the date the Security Based Compensation Arrangement was last approved by security holders;
  - (b) a re-pricing of an Award benefiting a Related Person of a Listed Issuer;
  - (c) an extension of the term of an Award benefiting a Related Person of a Listed Issuer;
  - (d) an extension of the term of an Award, where the exercise price is lower than the prevailing market price;
  - (e) any amendment to remove or to exceed the limits set out in a Security Based Compensation Arrangement on Awards available to Related Persons of the Listed Issuer; or
  - (f) amendments to an amending provision within a Security Based Compensation Arrangement.

- (8) Subsection 10.12(3) is not applicable in respect of a grant of securities to any Person not previously employed by and not previously a Related Party of the Listed Issuer, provided that:
  - (a) such grant is intended as an inducement to enter into, and the Person enters into, a full-time contract of employment as an officer of the Listed Issuer; and
  - (b) the securities issued or issuable pursuant to this subsection during any twelve-month period do not exceed 2% of the total number of securities or votes of the Listed Issuer (calculated on a non-diluted basis) outstanding as of the date that this exemption is first used during such twelve-month period.
- (9) Subsection 10.12(3) is not applicable to a Security Based Compensation Arrangement where an acquisition of a target entity by a Listed Issuer includes:
  - (a) the assumption of the Security Based Compensation Arrangement from the target entity, if the number of assumed Awards (and their exercise or subscription price, if applicable) is adjusted in accordance with the price per acquired security payable by the Listed Issuer; and
  - (b) the creation of a Security Based Compensation Arrangement for employees of the target entity, if the aggregate number of Awards issuable does not exceed 2% of the total number of securities or votes of the Listed Issuer (calculated on a non-diluted basis) outstanding prior to the date of closing of the transaction, and such employees are not Related Persons or employees of the Listed Issuer prior to the acquisition.
- (10) Where a Security Based Compensation Arrangement requires security holder approval, a Listed Issuer may grant Awards (which are exercisable into Listed Securities) under the Security Based Compensation Arrangement prior to obtaining security holder approval, provided that no exercise of such Awards may occur until security holder approval is obtained. Security holder approval must be sought and obtained at the next meeting of security holders, otherwise the Awards must be cancelled.
- (11) Security holder approval required for a Security Based Compensation Arrangement must be by way of a duly called meeting.
- (12) Where security holder approval is required, a Listed Issuer should submit the circular for the meeting of security holders to the Exchange at least 10 trading days prior to its distribution to security holders so that the Exchange may review it for market integrity issues and to ensure it complies with Exchange Requirements. The circular for the meeting must contain sufficient detail to permit security holders to form a reasoned judgment concerning the Security Based Compensation Arrangement.

**Commentary:**

*The following are examples of information that should be included in the information circular:*

- *the eligibility of employees, executive officers, directors, service providers and consultants to be issued or granted securities as compensation or under the plan;*
- *the maximum number of securities that may be issued, or in the case of options, the number of securities that may be issued on exercise of the options, as compensation or under the plan;*
- *the maximum number of securities that may be issued to Related Persons of a Listed Issuer, or in the case of options, the number of securities that may be issued on exercise of the options to Related Persons of a Listed Issuer, as compensation or under the plan;*
- *particulars relating to any financial assistance or support agreement to be provided to participants by the Listed Issuer or any related entity of the Listed Issuer to facilitate the purchase of securities as compensation or under the plan, including whether the assistance or support is to be provided on a full-, part-, or non-recourse basis;*
- *in the case of options, the maximum term and the basis for the determination of the exercise price;*
- *particulars relating to the options or other entitlements to be granted as compensation or under the plan, including transferability;*
- *the procedure for amending the Security Based Compensation Arrangement and Awards granted thereunder, including whether discretion is granted to the Listed Issuer's board of directors to make amendments to specified material terms without obtaining security holder approval;*
- *the number of votes attaching to securities that, to the Listed Issuer's knowledge at the time the information is provided, will not be included for the purpose of determining whether security holder approval has been obtained.*

- (13) A Listed Issuer must disclose on an annual basis, in its information circular, or other annual disclosure document:
- (a) the terms of its Security Based Compensation Arrangements, and any amendments that have been adopted since the beginning of the Listed Issuer's last fiscal year;
  - (b) the procedure for amending each Security Based Compensation Arrangement and Awards granted thereunder, including whether discretion is granted to the Listed Issuer's Board of Directors to make amendments to specified material terms without obtaining security holder approval; and
  - (c) whether or not security holder approval was obtained (and if not, the reasons why shareholder approval was not obtained) for: (i) the adoption of, or amendment to, any Security Based Compensation Arrangement adopted or amended since the beginning of the Listed Issuer's last fiscal year, and (ii) for the amendment of any Award since the beginning of the Listed Issuer's last fiscal year.

### **10.13 Rights Offering**

- (1) Subject to section 10.13(2), security holder approval is required where securities offered by way of rights offering are offered at a price greater than the Maximum Discount to Market Price.

- (2) Security holder approval for a rights offering is not required where:
- (a) the audit committee, if comprised solely of Independent Directors, or
  - (b) a majority of the Independent Directors in a vote in which only Independent Directors participate,
- have determined that the rights offering, including the pricing thereof, is in the best interests of the Listed Issuer, and is reasonable in the circumstances.

**Commentary:**

*Where a stand-by commitment may result in the acquisition of shares in the rights offering that “materially affects control” of the Listed Issuer, security holder approval may be required. See section 10.09(8) of the Listing Manual.*

- (3) A Listed Issuer taking advantage of the exemption in section 10.14(2) must forthwith issue a news release stating it will not hold a security holder vote and fully explaining how it qualifies for the exemption.

#### **10.14 Shareholder Rights Plans**

Security holders must ratify the adoption of, or amendments to, a shareholder rights plan as provided in subsection 7.22(6).

#### **10.15 Related Party Transactions**

- (1) A Listed Issuer undertaking any transaction subject to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) must comply with any requirements for formal valuations and minority security holder approval.
- (2) In addition to the requirements above, a Listed Issuer that is an EMI must implement and publish on its website a policy designed to identify and mitigate the risks to Canadian investors inherent in related party transactions conducted in an Emerging Market jurisdiction. The policy should address independent director oversight and approval, public disclosure, financial reporting, continuous disclosure and regulatory filing requirements applicable to related party transactions.

**Commentary:**

*Related party transactions may provide the Listed Issuer with benefits or better terms than those that are available from arms' length parties. Conversely, it is also possible that related party transactions may benefit the related party while providing little or no benefit for the Listed Issuer. Non-related investors may also be harmed by an inappropriate transfer of corporate assets to related parties. Such transfers may occur on an ad hoc basis or could involve a series of continuous transfers via smaller operational expenditures that are cumulatively material. Transactions of this nature undermine the credibility of Canadian capital markets and erode investor confidence.*

- (3) Effective identification and monitoring of related party transactions by Senior Management and the board of directors of Listed Issuers is necessary to prevent potential abuse. The Exchange requires an EMI to implement appropriate policies, procedures and scrutiny for the identification, evaluation and approval of related party transactions. In addition, the board of directors should ensure that the issuer complies with the applicable requirements under generally accepted accounting principles and Form 51-102F1 *Management's Discussion and Analysis* (MD&A) for the disclosure of related party transactions.

***Commentary:***

*Emerging Market Issuers are further reminded that certain related party transactions are subject to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, which in certain circumstance may require, among other things, a formal valuation and minority shareholder approval of the transaction.*

- (4) Minimum disclosure requirements for related party transactions are prescribed in both accounting standards and Canadian securities legislation. The disclosure in respect of a related party transaction in the MD&A must at a minimum disclose the following:
  - (a) the relationship and identity of the related party;
  - (b) the business purpose of the transaction;
  - (c) the recorded amount of the transaction and the measurement basis used; and
  - (d) any ongoing contractual or other commitments resulting from the transaction.

#### **10.16 SPACs**

- (1) A SPAC must meet the initial listing requirements set out in section 2.02 of the Listing Manual and the additional initial listing requirements and ongoing obligations set out in this section. A SPAC that is approved for listing on the Exchange is a Listed Issuer.

***Commentary:***

*The Exchange recommends that a SPAC that is formed or created outside of Canada that is seeking a listing on the Exchange should obtain a preliminary opinion from the Exchange as to whether the jurisdiction of incorporation is acceptable to the Exchange.*

- (2) A SPAC proposing to list its securities on the Exchange must not carry on an operating business. A SPAC may be in the process of reviewing one or more potential Qualifying Transaction(s), but may not have entered into a written or oral binding acquisition agreement with respect to a potential Qualifying Transaction. Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that, as of the date of filing, the SPAC has not entered into a written or oral binding acquisition agreement with respect to a potential Qualifying Transaction. A SPAC may, however, have identified a target



business sector or geographic area in which to make a Qualifying Transaction, provided that it discloses this information in its prospectus.

- (3) Prior to listing on the Exchange, the Founding Security Holders must subscribe for units, shares or warrants of the SPAC and the terms of the initial investment must be disclosed in the IPO prospectus. The Founding Security Holders' equity ownership in the SPAC must be an aggregate equity interest of not more than 20% of the SPAC immediately following closing of the IPO, excluding Specified SPAC Securities that are purchased at or prior to the closing of the IPO (including in connection with any over-allotment position) and at not less than the same price per listed security (calculated on an as converted basis) and excluding listed securities purchased after the closing of the IPO on the secondary market.
- (4) The Founding Security Holders must agree not to transfer any of their Founding Securities or Specified SPAC Securities prior to the completion of a Qualifying Transaction. The Founding Security Holders must also agree that, in the event of a Liquidation Distribution and delisting, their Founding Securities and their Specified SPAC Securities shall not participate in the Liquidation Distribution.

***Commentary:***

*Any request for a waiver from the requirements in subsections (5) - (9) below will only be considered by the Exchange after discussions with, and the concurrence of, the OSC.*

- (5) Securities of the SPAC IPO to be listed on the Exchange must be qualified by a prospectus filed with the Canadian securities regulator or regulatory authority in all jurisdictions in which the SPAC will be a reporting issuer and receipted by the issuer's Principal Regulator and each applicable Canadian securities regulator or regulatory authority. A SPAC must also file a prospectus containing disclosure regarding the proposed Qualifying Transaction with the Canadian securities regulator or regulatory authority in all jurisdictions in which the SPAC and the Resulting Issuer is and will be a reporting issuer assuming completion of the Qualifying Transaction. If a receipt for the final prospectus in respect of the Qualifying Transaction is not obtained, completion of the Qualifying Transaction will result in the delisting of the SPAC.
- (6) Any shares or units proposed to be listed on the Exchange must contain the following provisions:
  - (a) a redemption feature (or substantially similar feature), pursuant to which shareholders (other than Founding Security Holders in respect of their Founding Securities or their Specified SPAC Securities) may, in the event a Qualifying Transaction is completed within the Permitted Time for Completion of a Qualifying Transaction, elect that each share held be redeemed for an amount at least equal to the aggregate amount of the Escrowed Funds (net of any applicable taxes and direct expenses related to the exercise of the conversion or redemption right), divided by the aggregate number of shares then outstanding other than Founding Securities and Specified SPAC Securities; and
  - (b) a Liquidation Distribution feature (or substantially similar feature, pursuant to which shareholders (other than the Founding Security Holders in respect of their Founding Securities or their Specified SPAC Securities) must, if the Qualifying Transaction is

not completed within the Permitted Time for Completion of a Qualifying Transaction, be entitled to receive, for each share held, an amount at least equal to the aggregate amount of the Escrowed Funds (net of any applicable taxes and direct expenses related to the Liquidation Distribution), divided by the aggregate number of shares then outstanding other than Founding Securities and Specified SPAC Securities.

- (7) Notwithstanding the redemption right in paragraph (6)(a), the SPAC may establish a limit as to the maximum number of shares with respect to which a shareholder, together with any affiliates or persons acting jointly or in concert, may exercise a redemption right, provided that such limit:
- (a) may not be set at lower than 15% of the shares sold in the IPO; and
  - (b) is disclosed in the IPO prospectus,

For greater certainty, any redemption limit established by a SPAC must apply equally to all shareholders entitled to a redemption right.

- (8) Any warrants issued concurrently with shares or units must:
- (a) not be exercisable prior to the completion of the Qualifying Transaction;
  - (b) expire on the earlier of: (i) a period specified in the IPO prospectus (which may relate to the date of the closing of the Qualifying Transaction; or (ii) the date on which the SPAC fails to complete a Qualifying Transaction within the Permitted Time for Completion of a Qualifying Transaction; and
  - (c) not have an entitlement to the Escrowed Funds upon a Liquidation Distribution.
- (9) A SPAC must place Escrowed Funds in escrow with an escrow agent acceptable to the Exchange. An escrow agent acceptable to the Exchange includes, for example, a financial institution or trust company regulated by the Office of the Superintendent of Financial Institutions, or a Canadian law firm.
- (10) The escrow agent must invest the Escrowed Funds in Permitted Investments. The SPAC must disclose in its IPO prospectus the proposed nature of the Permitted Investments as well as any intended use of the interest or other proceeds earned on the Escrowed Funds from these investments. If the Escrowed Funds are to be held at an Approved Bank that is not a Schedule 1 or III bank, the SPAC IPO prospectus must disclose details regarding the type of financial institution where the Escrowed Funds will be held.
- (11) The escrow agreement governing the Escrowed Funds must:
- (a) provide for the termination of the escrow and release of the Escrowed Funds on a pro rata basis to applicable shareholders who exercise their redemption rights in accordance with paragraph (6)(a) and the remaining Escrowed Funds to the SPAC if the SPAC completes a Qualifying Transaction within the Permitted Time for Completion of a Qualifying Transaction; and

- (b) provide for the termination of the escrow account and the distribution of the Escrowed Funds to applicable shareholders in accordance with the terms of paragraph (6)(b) and subsection (26) if the SPAC fails to complete a Qualifying Transaction within the Permitted Time for Completion of a Qualifying Transaction.
- (12) The underwriters must agree to defer and deposit a minimum of 50% of their commissions from the IPO in an escrow account as part of the Escrowed Funds. The deferred commissions will only be released to the underwriters upon completion of a Qualifying Transaction within the Permitted Time for Completion of a Qualifying Transaction. If a SPAC fails to complete a Qualifying Transaction within the prescribed time, all deferred underwriters' commissions that are Escrowed Funds will be part of the Liquidation Distribution under paragraph (6)(b). Shareholders exercising their redemption rights under paragraph 6(a) will be entitled to their pro rata portion of the Escrowed Funds including all deferred underwriters' commissions.
- (13) The proceeds from the IPO of the SPAC that are not placed in escrow and the interest or other proceeds earned on the Escrowed Funds from Permitted Investments may be applied as payment for administrative expenses incurred by the SPAC in connection with its IPO, for general working capital expenses and for the identification and completion of a Qualifying Transaction.
- (14) To avoid a Liquidation Distribution, the SPAC must complete a Qualifying Transaction with one or more businesses within the Permitted Time for Completion of a Qualifying Transaction.
- (15) A SPAC must complete a Qualifying Transaction with an aggregate fair market value of at least 80% of the value of the Escrowed Funds then on deposit as reasonably determined by the SPAC excluding any deferred underwriters' commissions and any taxes payable on the interest or other proceeds earned on the escrow account at the time that a definitive agreement is entered into with respect to completing the Qualifying Transaction.
- (16) The Qualifying Transaction must generally be approved by: (i) a majority of directors unrelated to the Qualifying Transaction, and (ii) a majority of the votes cast by shareholders of the SPAC at a meeting duly called for that purpose. Notwithstanding the foregoing, shareholder approval of the Qualifying Transaction is not required where the SPAC has placed 100% of the gross proceeds raised in its IPO, and any additional equity raised pursuant to subsection (23), in the Escrowed Funds. The shareholder approval requirements set out in the Listing Manual will not apply to transactions concurrently effected with the Qualifying Transaction, provided that they are disclosed in the prospectus for the resulting issuer and shareholder approval is not otherwise required for the Qualifying Transaction. Where the Qualifying Transaction comprises more than one transaction, each transaction must be approved in accordance with the above.
- (17) The SPAC's IPO prospectus must disclose whether shareholder approval will be required as a condition of the completion of the Qualifying Transaction and the shareholders entitled to vote upon the matter. If a Qualifying Transaction is subject to shareholder approval, the SPAC must prepare an information circular containing prospectus-level disclosure of the Resulting Issuer assuming completion of the Qualifying Transaction. The SPAC must file

the information circular with the Exchange together with its Notice of Acquisition (Form 10).

***Commentary:***

*The SPAC must obtain a receipt for its final prospectus from the applicable securities regulator or regulatory authority pursuant to subsection (5) prior to mailing the information circular described in this section.*

- (18) If a Qualifying Transaction is not subject to shareholder approval, the SPAC must: (i) mail a notice of redemption to shareholders and make its final prospectus publicly available at least 21 days prior to the deadline for redemption; and (ii) send by prepaid mail or otherwise deliver the prospectus to shareholders no later than midnight (Toronto time) on the second business day prior to the deadline for redemption, which delivery may be effected electronically in compliance with National Policy 11-201 – Electronic Delivery of Document.
- (19) Eligible shareholders must be entitled to redeem their shares as provided in paragraph (6)(a) into a pro rata portion of the Escrowed Funds if the Qualifying Transaction is approved and completed. Subject to applicable laws, eligible shareholders who exercise their redemption rights shall be paid no later than 30 calendar days following the completion of the Qualifying Transaction. The redeemed shares shall be cancelled.
- (20) The Resulting Issuer of each Qualifying Transaction must meet the initial listing requirements of the Exchange. The Exchange will provide the Resulting Issuer with up to 180 days from the completion of the Qualifying Transaction to provide evidence that it meets the Minimum Distribution requirements set out in Section 2.02(1). If the Resulting Issuer does not meet the initial listing requirements of the Exchange following a Qualifying Transaction or the SPAC does not comply with the requirements of this section, the Exchange shall commence delisting proceedings or take other remedial actions as prescribed under Part XI of the Listing Manual.
- (21) Upon completion of the Qualifying Transaction, the Resulting Issuer shall be a Listed Issuer, subject to the Listing Manual, as applicable.
- (22) A SPAC may adopt a Security Based Compensation Arrangement prior to completing a Qualifying Transaction; however, it may not grant any type of awards under a Security Based Compensation Arrangement prior to the completion of a Qualifying Transaction. All Security Based Compensation Arrangements must meet the applicable requirements in sections 7.08 and 10.12 of the Listing Manual.
- (23) A SPAC may not obtain additional capital pursuant to the issuance of equity securities other than:
  - (a) if the offering is by way of a rights offering in accordance with section 7.09 of the Listing Manual; and

- (b) at least 90% of the funds raised are placed in escrow in accordance with subsection 10.16(9) to (11).
- (24) A SPAC may not obtain any form of debt financing other than:
- (a) in the ordinary course for short term trade, accounts payable and general ongoing expenses; or
  - (b) through unsecured loans on reasonable commercial terms, including from Founding Security Holders or their affiliates, up to a maximum aggregate principal amount equal to 10% of the Escrowed Funds, repayable in cash no earlier than the closing of the Qualifying Transaction or which may be convertible into shares and/or warrants in connection with the closing of the Qualifying Transaction, provided that such limit is disclosed in the IPO prospectus;

***Commentary:***

*Notwithstanding subsections (23) and (24), a SPAC may obtain additional capital or debt financing contemporaneously with, or after, completing its Qualifying Transaction.*

- (25) Any debt financing obtained by the SPAC pursuant to subsection (24) shall not have recourse against the Escrowed Funds. Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that it will not obtain any form of debt financing other than in accordance with subsection (24) and any debt financing obtained by the SPAC shall not have recourse against the Escrowed Funds.
- (26) If a listed SPAC fails to complete a Qualifying Transaction within the Permitted Time for Completion of a Qualifying Transaction, subject to applicable laws, it must complete a Liquidation Distribution within 30 calendar days after the end of such permitted time. The Exchange will delist the SPAC's securities on or about the date on which the Liquidation Distribution is completed.
- (27) The Founding Security Holders may not participate in any Liquidation Distribution with respect to any of their Founding Securities or Specified SPAC Securities (if applicable). For greater certainty, Founding Securities and Specified SPAC Securities do not include shares (or units) of the class of listed shares (or units) offered to the public and purchased at or prior to the closing of the IPO under the IPO prospectus (including in connection with any over-allotment position) at not less than the same price per listed share (or unit) in the IPO, or listed shares (or units) purchased after the closing of the IPO on the secondary market.
- (28) Notwithstanding sections 10.18 and 10.19, a SPAC may issue Restricted Securities, and may issue super-voting securities only to Founding Security Holders provided that such super-voting securities are subject to a forfeiture and transfer restriction agreement and undertaking that is consistent with subsection (4).

- (29) Prior to the completion of the Qualifying Transaction, a SPAC is not required to hold an annual general meeting of shareholders provided that an annual update is disseminated via press release and filed on SEDAR or otherwise made publicly available.
- (30) Prior to the completion of a Qualifying Transaction, the following requirements will not apply to SPACs:
  - (a) investor relations requirements under subsection 3.01(5), provided that an annual update is disseminated via press release and filed on SEDAR or otherwise made publicly available;
  - (b) the requirements relating to non-certificated securities under section 4.03, to the extent the SPAC is relying on the CDS Clearing and Depository Services Inc.'s non-certificated inventory system;
  - (c) the Majority Voting Requirements under subsection 10.02(5);
  - (d) the compensation committee requirements under section 10.04;
  - (e) the nominating and corporate governance committee requirements under section 10.05; and
  - (f) the coattail provision requirements under section 10.18.

## C. Restricted Securities

### 10.17 Restricted Securities

- (1) This section of the Listing Manual is applicable to Listed Issuers with outstanding listed Restricted Securities or intending to list Restricted Securities. This section is to be read in conjunction with OSC Rule 56-501 *Restricted Shares*.
- (2) Restricted Securities must be identified as such in the Listed Issuer's constating documents and will be identified by the Exchange as such in market data displays prepared for the financial press.
- (3) A class of shares may not be designated as 'common' unless the shares are Common Shares.
- (4) A class of shares may not be designated as 'preference' or 'preferred' securities unless the shares are Preference Shares.
- (5) An issuer's constating documents must give Restricted Security holders the same right to receive notice of, attend and speak at all shareholder meetings as holders of Super-Voting Securities and to receive all disclosure documents and other information sent to holders of Super-Voting Securities.

- (6) A Listed Issuer with outstanding listed Restricted Securities or intending to list Restricted Securities must include in its Listing Document the disclosure required by Part 2 of OSC Rule 56-501 Restricted Shares.

#### **10.18 Coattail Provisions**

- (1) The Exchange will not list Restricted Securities unless the issuer's constating documents provide that if a take-over bid is made to Super-Voting Securities, whether or not the Super-Voting Securities are listed, the Restricted Securities will automatically convert to Super-Voting Securities unless an identical offer (in terms of price per share, percentage of shares to be taken up exclusive of shares already owned by the offeror and its associates and all other material conditions) is concurrently made to Restricted Shareholders.
- (2) The conversion right or identical offer described in subsection (1) may contain appropriate modifications to account for any material difference between the equity interests of the Restricted Securities and Super-Voting Securities.
- (3) The foregoing coattail provisions are designed to ensure that holders of Restricted Securities are able to participate in a take-over bid together with holders of Super-Voting Securities, proportionate to their equity interests in the Listed Issuer. The Exchange may intervene in a take-over bid that has been structured to circumvent the coattail provisions.

***Commentary:***

*For a SPAC, this provision does not apply prior to the completion of a Qualifying Transaction.*

#### **10.19 Issuance of Restricted Securities and Super-Voting Securities**

- (1) A Listed Issuer may not distribute any Super-Voting Securities (including by way of prospectus or private placement offering, transaction or capital reorganization) unless the distribution has been approved by the disinterested holders of the Restricted Securities.
- (2) For the purposes of shareholder approval, the votes of security holders that have, or that will have, an interest in the Super-Voting Securities shall be excluded.
- (3) The Exchange will consider exemptions from the security holder approval requirement on a case-by-case basis where the Listed Issuer can demonstrate that the distribution does not reduce the voting power of holders of Restricted Securities.

***Commentary:***

*For example, a distribution of Super-Voting Securities by way of stock dividend payable on all classes of Equity Securities may be exempted where the Listed Issuer can demonstrate that the distribution does not reduce the voting power of holders of Restricted Securities.*

## **PART XI. SUSPENSIONS, DELISTING AND OTHER REMEDIAL ACTIONS**

### **11.01 General**

The Exchange or the Market Regulator may halt or suspend trading in a Listed Security at any time without notice if such halt or suspension is in the public interest.

### **11.02 Halts**

The Exchange or the Market Regulator may order a halt to trading and order entry in a Listed Security to permit the dissemination of material news concerning the Listed Issuer. The Exchange may also halt trading and order entry in a Listed Security if a Listed Issuer violates Exchange Requirements or is conducting a reverse take-over transaction.

### **11.03 Suspensions and Continuous Listing Criteria**

- (1) Without limiting the general power to suspend trading, the Exchange may suspend trading of a Listed Security where:
  - (a) the Listed Issuer has become insolvent or bankrupt or has made an assignment to creditors;
  - (b) the Listed Issuer has ceased to carry on business or a significant portion of its business or has announced its intention to cease to carry on business or a significant portion of its business;
  - (c) in the case of a SPAC, the Listed Issuer has not complied with section 10.17;
  - (d) the Listed Issuer's financial statements or the auditor's report thereon state that the Listed Issuer may not be able to continue as a going concern;
  - (e) the Listed Issuer is in violation of its Listing Agreement or Exchange Requirements;
  - (f) the continuous listing criteria set out in Part III are not met for Listed Security or the Listed Issuer;
  - (g) the Listed Issuer is not in compliance with applicable securities or corporate law or its constating documents;
  - (h) the Listed Issuer has not paid applicable fees to the Exchange when due;
  - (i) The Listed Issuer or any of its securities have been suspended or delisted from an Accepted Foreign Exchange or another Recognized Exchange on which they are listed;
  - (j) The Exchange considers a suspension to be in the public interest or in the interest of a fair and orderly market.



- (2) Unless the public interest or the interest of a fair and orderly market warrants otherwise, the Exchange will give the Listed Issuer prior notice of its intention to suspend the trading of its securities and allow the issuer an opportunity to be heard. At the same time the Listed Issuer is notified, the Exchange may issue a notice to the public indicating it is considering a suspension.

**Commentary:**

*A Decision to suspend trading of Listed Securities may be appealed as provided in Part XII of this Listing Manual.*

- (3) During a suspension, the Listed Issuer remains a Listed Issuer and must comply with all applicable Exchange Requirements.
- (4) In order to have a suspension lifted, the Listed Issuer must meet the requirements for continued listing and meet such other conditions as the Exchange may establish.

#### **11.04 Declaration of Non-Compliance**

If a Listed Issuer has failed to comply with Exchange Requirements or applicable securities or corporate law, or its constituting documents, or has failed to pay any applicable fees, the Exchange may publicly identify the Listed Issuer as non-compliant if in the opinion of the Exchange, the suspension of trading of the Listed Issuer's securities would not be an appropriate remedy for the failure to comply.

**Commentary:**

*A declaration of non-compliance is a discretionary mechanism used by the Exchange indicating that a Listed Issuer is not in compliance with Exchange Requirements. The declaration will be made public. The reason for the breach (including whether the breach was intentional or not) is not taken into account by the Exchange when considering whether to issue a declaration of non-compliance.*

#### **11.05 Public Reprimand**

- (1) If a Listed Issuer has failed to comply with Part V, Part VI, or Part X of this Listing Manual, the Exchange may publicly reprimand the Listed Issuer if suspension of trading of the Listed Issuer's securities would not be an appropriate remedy for the failure to comply.

**Commentary:**

*In making a determination to issue a public reprimand, the Exchange will consider whether the failure to comply:*

1. *was advertent;*
2. *materially affected shareholders' interests;*
3. *was rectified by the Listed Issuer;*
4. *resulted from reliance on the advice of an independent advisor; and*
5. *was one of a series of similar failures.*

*A public reprimand is a censure of conduct that the Exchange considers inappropriate for a Listed Issuer. It does not necessarily involve a breach of Exchange Requirements. The Exchange will not issue a reprimand for an innocent breach, but would for negligence or incompetence. The reprimand would be issued where the conduct is serious enough to warrant a regulatory response, but not so serious as to justify a suspension or a finding that a Person is unfit to be an Insider of the Listed Issuer. For example, where financial statements are filed late by one day, it may not be an appropriate regulatory response for the Exchange to suspend trading for the inadvertent late filing, but a public reprimand may be appropriate.*

- (2) The Exchange will give the Listed Issuer prior notice of its intention to issue a reprimand.

***Commentary:***

*A Decision to issue a reprimand may be appealed as provided in Part XII of this Listing Manual. Issuance of the reprimand will be stayed pending the outcome of the appeal.*

### **11.06 Delisting**

- (1) If within 150 days of the date of suspension, or earlier, if a date has been specified in the notice of suspension: (a) a Listed Issuer whose securities are suspended fails to meet the continuous listing requirements; or (b) the suspension has not been lifted, the securities of the Listed Issuer shall be automatically Delisted without further notice. Notwithstanding the forgoing, the securities of a Listed Issuer may be Delisted at such earlier time upon notice of Delisting from the Exchange.
- (2) A Listed Issuer may voluntarily request that all or a class of its Listed Securities be Delisted. Such request must be made by Filing a Notice of Delisting (Form 24), which sets out the reasons for the request and be accompanied by a certified copy of a resolution of the Listed Issuer's board of directors (or equivalent) authorizing the request. The Exchange may not Delist the Listed Securities of an issuer unless a satisfactory alternative market exists.
- (3) Notwithstanding the foregoing, if two-thirds of the shareholders approve the Delisting without an alternative market then the Exchange will comply with the request to Delist.

### **11.07 Display**

A Listed Issuer must display forthwith on its own website any notices from the Exchange in respect of a public reprimand, suspension or Delisting.

## PART XII. APPEALS

### 12.01 Appeals of Decision

- (1) A Listed Issuer or any other Person adversely affected by a Decision may appeal a Decision of the Exchange to the Board of Directors of the Exchange (or a committee of the Board of Directors designated by the Exchange), other than:
  - (a) a Decision of the Market Regulator, including a Decision to temporarily halt or suspend trading pursuant to sections 11.01 or 11.02 made by a Market Regulator;  
or
  - (b) a Decision of the board of directors of the Exchange.

***Commentary:***

*Decisions of the Market Regulator are subject to the Market Regulator's appeal procedures.*

- (2) Appeals will be conducted according to the procedures established by the board of directors of the Exchange (or the committee of the board of directors designated by the Exchange).
- (3) A Listed Issuer or any other Person adversely affected by an appeal Decision may seek a review of such Decision with the applicable securities regulatory authority.