14—12-03

TORONTO STOCK EXCHANGE
COMPANY MANUAL

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TSX Company Manual
PART II
WHY LIST ON THE TORONTO STOCK EXCHANGE?

A. ADVANTAGES OF A LISTING

A company that lists its securities on a national stock exchange enjoys a number of advantages for its security holders and for the company itself. The more significant advantages emanating from a listing are set out below.

1. Increased Marketability. — Listed securities generally have more liquidity than over-the-counter securities because of:
   (a) public confidence in the high standards of the exchange's listing requirements;
   (b) the visibility of an exchange market; and
   (c) the broad exposure that listed securities have to market forces.

   Sales of the listed securities are immediately reported and displayed on the ticker-tape. Frequent sales tend to narrow spreads between bid and ask prices and provide a greater opportunity for a seller to find an immediate buyer at the market price. The phenomenon of small price fluctuations, known as "price continuity", is an important characteristic of a good market.

2. Broad Security Holder Base. — A listing encourages a wide security holder base. This, in turn, increases the price stability of the securities, and may facilitate further equity financing.

   Broad ownership of securities has another advantage. Independent surveys have revealed that investors tend to show a preference for the products and services offered by a company of which they own securities.

3. Stock Options and Stock Purchase Plans have a Known Value. — Stock options and stock purchase plans offer an inducement to employees to remain with their employer. Such plans are quite popular and, in fact, may be the most economical form of employee motivation available to the company. To give real value to these diverse plans a current public quote and a ready market are essential, which, of course, occur when securities are listed.

4. Collateral Value. — Other things being equal, lenders tend to regard listed securities as better collateral for a loan than unlisted securities. Should the borrower default on its loan obligation, the lending institution can more readily sell the securities, and thereby realize on the collateral.

   Listed securities may be bought on margin, and are acceptable by Participating Organizations for margin purposes.

5. Better Trade Credit. — Before a company has its securities listed, the simplest indication of the amount of equity protecting the creditors is the balance sheet, that is, the book value of the equity capital in the business.

   However, when the market places a premium on the equity in excess of the book value, a lender may feel that the firm is entitled to more credit than would otherwise be the case.

6. Better Value in Mergers. — In any consolidation of companies, the listed company has an advantage. If trading value is well above book value, the listed company can sell at a premium to book value. (Experience has shown that listed securities frequently sell at a higher price than unlisted securities having similar book values.) In the case of a listed company purchasing an unlisted company, the unlisted company is likely to be acquired for a price closer to the book value, since there is no other established yardstick by which the value of the enterprise may be satisfactorily judged.

7. Facilitates Debt Financing. — The listing of a company's securities makes it more practicable for the company to add warrants or conversion features to a subsequent debt issue. By so doing, the company is able to lower its cost of borrowing.

   The market's valuation of a company's net worth is a useful barometer of market conditions for a listed company considering the issue of debt securities or additional equity securities.

8. Institutions Favor Listed Securities. — Institutional investors such as insurance companies and mutual funds control large pools of investment funds and tend to deal in large blocks of securities. Dealing in listed securities is almost a necessity for large institutions; as fiduciaries they must maintain a high degree of liquidity in their investment portfolios and, therefore, must have available the continuous pricing provided by recognized stock exchanges.

   An interest by institutions in listed issues provides added stability to these securities and prestige to the companies involved. At the same time, because of this interest, a listed company enjoys access to an important source of investment funds.

9. Security Analysts Take Greater Interest. — When securities become listed, security analysts generally take a closer and more frequent look at the company. They examine the company's operations and analyze the prospects for future growth. In this way, the company gets additional public exposure. These carefully researched analytical reports often offer meaningful facts and commentary to investors as well as to company executives.

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Part II — Why List on the Toronto Stock Exchange?

10. Added Prestige and Widespread Publicity. — Prestige is to be gained from approval for listing on an exchange. It signifies that a company has met recognized minimum tests and has agreed to fulfill obligations that are well regarded by investors and the public. Having attained listed status, a company joins the ranks of many strong and long-established domestic and international companies.

The news media give considerable attention to those companies which have their securities listed on an exchange. This attention inevitably leads to a widespread and continuing public interest in a company’s financial performance and in its securities.

Security holders find it useful to have firm quotations for their securities consistently available in the press. Investors in listed securities appreciate having the means to maintain a regular evaluation of their investments. Also, investors find it helpful to have frequent commentaries in the financial pages of the press about their companies and other listed companies.

For more information on the advantages of a listing on the Exchange, the services provided to companies with securities listed on the Exchange or to obtain a listing application package, contact Business Development at 416 947-4728, 888-873-8392, or e-mail: listings@tsx.com.

B. THE TORONTO STOCK EXCHANGE AND ITS PARTICIPATING ORGANIZATIONS

1. General. — The Toronto Stock Exchange, the largest stock exchange in Canada, operates under the authority of the Toronto Stock Exchange Act and the Securities Act of Ontario. It is governed by a Board of Directors consisting of 15 persons who are elected annually. The policies of the Board of Directors and its committees are carried out by the Exchange staff.

A majority of the Board of Directors are not affiliated with a Participating Organization. They speak for the wide spectrum of financial activity in which the Exchange is engaged.

Four Board members are public Directors, drawn from outside the brokerage community in order to ensure that the public interest is protected in Exchange policy and operation. The Toronto Stock Exchange’s President is also the chief executive officer of the Exchange.

2. Participating Organizations. — The securities firms that comprise the shareholders of the Toronto Stock Exchange operate offices across Canada and abroad, offering their clients varied and extensive services. Participating Organization status confers the privilege of trading on the Exchange, provided that such firms meet, on a continuing basis, the Exchange’s requirements with respect to fair trading practices, financial capability and professional competence.

The Participating Organizations of the Exchange trade in the major international securities markets on behalf of individual and institutional clients; they also provide other financial services: underwriting of new issues, operating in the money, bond and commodity markets; managing portfolios; providing professional advice to corporations on such matters as new financing, capital reorganizations, take-overs and mergers, and short-term and long-term investing and borrowing.

Individual Participating Organizations differ greatly in the mix of services they perform. Nonetheless, all Participating Organizations of the Exchange have the right to participate in major decisions regarding the Exchange’s operations and policies, while at the same time being required to meet the high standards set by the trading rules of the Exchange. These rules are rigorously enforced by the Exchange to ensure that an orderly and effective market is maintained.

3. Designated Market-makers. — One of the most effective means of fostering trading liquidity is the Exchange’s system of designated market-maker trading which assures that, regardless of market conditions, there is always a buyer or seller for listed securities.

Upon listing, each class of securities is assigned to a designated market-maker who is responsible for maintaining a stable market by matching bids and offers not taken up by the public. A designated market-maker buys or sells securities for the account of a Participating Organization, and is subject to strict regulations in respect of priority of clients’ orders, price spreads and trading limits.

The performance of designated market-makers is constantly monitored and reviewed by the Exchange to ensure the maintenance of appropriate spreads between “bid” and “ask” quotations.

Designated market-makers acting as arbitrageurs can contribute greatly to the liquidity of securities listed on the Exchange through offsetting trades on other exchanges.
PART III

ORIGINAL LISTING REQUIREMENTS

A. GENERAL

Sec. 301. To secure a listing of its securities on the Toronto Stock Exchange, a company that does not already have securities listed on the Exchange must complete a Listing Application form which, together with supporting data, must demonstrate that the company is able to meet the minimum listing requirements of the Exchange. The company must also sign a Listing Agreement to formally communicate its commitment to comply with Exchange requirements for the continuance of its listing.

Sec. 302. Companies applying for listing on the Exchange must be able to show evidence of a successful operation, or where the company is relatively new and its business record is limited, there must be other evidence of management experience and expertise. In all cases, the quality of management of an applicant company shall be an important factor in the consideration of a listing application.

Sec. 303. Another important listing consideration is the distribution of a company’s securities. Evidence must be supplied to the Exchange indicating that there are enough public security holders to ensure an adequate market.

Sec. 304. The Exchange's Listings Committee is responsible for considering and approving original listing applications.

Eligibility for Listing

Sec. 305. Prior to filing a listing application, the Exchange recommends that prospective applicants obtain a preliminary opinion as to the eligibility of the listing. The Exchange will provide a confidential opinion based on informal discussions and a review of the applicant’s recent financial and business information. Please contact the Toronto Stock Exchange at (416) 947-4533 or e-mail: listings@tsx.com to set up an appointment.

For general information on the Exchange as well as specific information on services provided to listed companies, please call Business Development at (416) 947-4728, 888-873-8392, or e-mail: listings@tsx.com.

TSX Company Manual
Minimum Listing Requirements for Industrial Companies

Sec. 309. Requirements for Eligibility for Listing Subject to Section 502.

(a) Profitable Companies
(i) net tangible assets \(^2\) of $2,000,000\(^3\);
(ii) earnings from ongoing operations of at least $200,000 before taxes and extraordinary items in the fiscal year immediately preceding the filing of the listing application;
(iii) pre-tax cash flow of $500,000 in the fiscal year immediately preceding the filing of the listing application; and
(iv) adequate working capital to carry on the business and an appropriate capital structure.

OR

(b) Companies Forecasting Profitability
(i) net tangible assets of $7,500,000\(^4\);
(ii) evidence, satisfactory to the Exchange, of earnings from ongoing operations for the current or next fiscal year of at least $200,000 before taxes and extraordinary items\(^5\);
(iii) evidence, satisfactory to the Exchange, of pre-tax cash flow for the current or next fiscal year of at least $500,000\(^6\); and
(iv) adequate working capital to carry on the business and an appropriate capital structure.

OR

(c) Technology Companies\(^7\)
(i) a minimum of $10,000,000 in the treasury, the majority of which has been raised by the issuance of securities qualified for distribution by a prospectus;
(ii) adequate funds to cover all planned development and capital expenditures, and general and administrative expenses for a period of at least one year. A projection of sources and uses of funds including related assumptions covering the period (by quarter) signed by the Chief Financial Officer must be submitted;\(^8\)
(iii) evidence, satisfactory to the Exchange, that the company's products or services are at an advanced stage of development or commercialization and that the company has the required management expertise and resources to develop the business;\(^9\)
(iv) minimum market value of the issued securities that are to be listed of at least $50,000,000; and
(v) minimum public distribution requirements as set out in Section 310, except that the minimum aggregate market value of the freely tradeable, publicly held securities to be listed should be $10,000,000.

\(^1\) Section 502 requires listed companies to obtain prior Exchange acceptance for filing of all proposed material changes, including changes which do not entail an issuance of securities, as detailed in Part V of this Manual.

\(^2\) Consideration will be given to permitting the inclusion of deferred development charges or other intangible assets in the calculation of net tangible assets if, in the opinion of the Exchange, the circumstances so warrant.

\(^3\) Companies with less than $2,000,000 in net tangible assets may qualify for listing if they meet the earnings and cash flow requirements detailed in paragraphs 309.10) and (c).

\(^4\) See footnote 2.

\(^5\) As a general rule, applicants should file a complete set of forecast financial statements covering the current and/or the next fiscal year (on a quarterly basis), accompanied by an independent auditor's opinion that complies with the CICA Auditing Standards for future oriented financial information. The applicant should have at least six months of operating history, including gross revenues at commercial levels for the last six months.

\(^6\) See footnote 5.

\(^7\) Generally would include innovative growth companies engaged in hardware, software, telecommunications, data communications, information technology and new technologies.

\(^8\) As a general rule, the projection should exclude uncommitted payments from third parties or other contingent cash receipts.

\(^9\) As a general rule, evidence of “being at an advanced stage of development or commercialization” will be restricted to historical revenues from the company's current main business or contracts for future sales of products or services in such business. The TSX will also consider all relevant factors in assessing the company's ability to develop its business including:
(a) affiliations or strategic partnerships with major industry enterprises;
(b) commercial or technical endorsements of the company's products or services from recognized industry participants;
(c) existing or potential markets for the products or services and the company's marketing infrastructure and sales support dedicated to service these markets; and
(d) the background and expertise of management including its record of raising funds.

¶1400-318 Sec. 309 © 2004, CCH Canadian Limited
OR

(d) Research and Development Companies

(i) a minimum of $12,000,000 in the treasury, the majority of which has been raised by the issuance of securities qualified for distribution by a prospectus;
(ii) adequate funds to cover all planned research and development expenditures, general and administrative expenses and capital expenditures, for a period of at least 2 years. A projection of sources and uses of funds covering the period (by quarter) signed by the Chief Financial Officer must be submitted\(^{10}\);  
(iii) a minimum two-year operating history that includes research and development activities; and
(iv) evidence, satisfactory to the Exchange, that the company has the technical expertise and resources to advance the company’s research and development programmes\(^{11}\).

Notwithstanding the above-mentioned requirements for eligibility for listing, exceptional circumstances may justify the granting of a listing to an applicant, in which case the application will be considered on its own merits. “Exceptional circumstances” for this purpose will normally be confined to an affiliation with a substantial established enterprise and/or an exceptionally strong financial position.

\[\text{¶1400-319}\]

Sec. 309.1. Requirements for Eligibility for Exemption from Section 502\(^{12}\).—

(a) net tangible assets of $7,500,000\(^{13}\);
(b) earnings from ongoing operations of at least $300,000 before taxes and extraordinary items, in the fiscal year immediately preceding the filing of the listing application;
(c) pre-tax cash flow of $700,000 in the fiscal year immediately preceding the filing of the listing application and an average pre-tax cash flow of $500,000 for the two fiscal years immediately preceding the filing of the listing application; and
(d) adequate working capital to carry on the business and an appropriate capital structure.

Exceptional circumstances may justify the granting of a listing to an applicant and/or an exemption from Section 502, in which case the application will be considered on its own merits. “Exceptional Circumstances” for this purpose will normally be confined to an affiliation with a substantial established enterprise and/or an exceptionally strong financial position.

Special Purpose Issuers. — The Exchange will generally consider the listing of exchange traded funds, split share corporations, income trusts, investment funds, limited partnerships and other special purpose issuers on an exceptional circumstances basis. The Exchange will consider all relevant factors in assessing these applicants including objectives and strategy, nature and size of the assets, anticipated operating and financial results, track record and expertise of managers and/or advisors, and level of investor and market support.

The Exchange encourages special purpose issuers and their advisors to contact Listings to discuss their specific circumstances.

\[\text{¶1400-320}\]

Sec. 310. Public Distribution. — At least 1,000,000 freely tradeable shares having an aggregate market value of $4,000,000 ($10,000,000 for companies qualifying for listing under section 309(c)) must be held by at least 300 public holders, each holding one board lot or more. In circumstances where public distribution is achieved other than by way of a public offering, e.g., by way of a reverse take-over, share exchange offer, or other distribution, the Exchange may require evidence that a satisfactory market in the company’s securities will develop. Prior trading on another market or sponsorship by a Participating

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\(^{10}\) As a general rule, the projection should exclude cash flows from future revenues, uncommitted payments from third parties or contingent cash receipts.

\(^{11}\) The Exchange will consider all relevant factors including:

\(a\) the stage of development of the company’s products or services and prospects for commercialization;
\(b\) commercial or technical endorsements of the company’s products or services from recognized academic institutions or industry participants;
\(c\) the existing or potential markets for the company’s products or services and the marketing infrastructure and sales support necessary to service these markets;
\(d\) the background and expertise of management including its record of raising funds to finance research and development projects and ongoing operations;
\(e\) the existence and composition of any scientific advisory board; and
\(f\) affiliations with major industry enterprises or strategic partners.

\(^{12}\) See footnote 1.

\(^{13}\) See footnote 2.
Organization, which will assist in maintaining an orderly market, may satisfy this condition.

Sec. 311. Management. — The management of an applicant company shall be an important factor in the consideration of a listing application. In addition to the factors set out in Section 325, the Exchange will consider the background and experience of management in the context of the business of the company. Management (including the company’s board of directors) should have adequate experience and technical expertise relevant to the company’s business and industry and adequate public company experience. Companies will be required to have at least two Canadian directors unless they are foreign applicants that comply with all of the Minimum Listing Requirements for Foreign Companies as detailed in Section 324. Companies will be required to have at least two independent directors.14

Sec. 312. Sponsorship or Affiliation. — Sponsorship of an applicant company by a Participating Organization of the Exchange is required for companies applying to list under the paragraphs 309(a), 309(b), 309(c) and 309(d). Sponsorship, or affiliation with an established enterprise, can be a significant factor in the determination of the suitability of the company for listing, particularly where the company only narrowly meets the prescribed minimum listing requirements. Consideration will be given to the nature of the sponsorship or affiliation. In addition to the requirements detailed in Section 326 for Sponsorship of Companies Seeking Listing on The Exchange, sponsors for industrial applicants should also be responsible for reviewing and commenting on:

(a) all visits to and/or inspections of the applicant’s principal facilities and/or offices;
(b) any future-oriented financial information that has been provided with the application;
(c) management’s experience and technical expertise relevant to the company’s business; and
(d) all other relevant factors including those listed in footnotes 7 and 8 applicable for technology companies and 10 and 11 applicable for research and development companies.

Sec. 313. Other Factors. — The Exchange may, in its discretion, take into account any factors it considers relevant in assessing the merits of a listing application and may refuse to grant an application notwithstanding that the prescribed minimum listing requirements are met.

Minimum Listing Requirements for Mining Companies

Sec. 314. Requirements for Eligibility for Listing Subject to Section 502.15 —

(a) Producing Mining Companies

(i) proven and probable reserves to provide a mine life of at least three years, as calculated by an independent qualified person16, together with evidence satisfactory to the Exchange indicating a reasonable likelihood of future profitability supported by a feasibility study or documented historical production and financial performance;
(ii) either be in production or have made a production decision on the qualifying project or mine referred to in subpara- graph 314(c)(i) above;
(iii) sufficient funds to bring the mine into commercial production, adequate working capital to fund all budgeted capital expenditures and carry on the business and an appropriate capital structure. A management-prepared 18-month projection (by quarter) of sources and uses of funds...
Part III — Original Listing Requirements

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detailing all planned and required expenditures signed by the Chief Financial Officer must be submitted, and

(iv) net tangible assets\(^{17}\) of $4,000,000.

(b) Mineral Exploration and Development—Stage Companies

(i) an Advanced Property; detailed in a report prepared by an independent qualified person\(^{18}\). The Exchange will generally consider a property to be sufficiently advanced if continuity of mineralization is demonstrated in three dimensions at economically interesting grades;

(ii) a planned work programme of exploration and/or development, of at least $750,000\(^{19}\) that is satisfactory to the Exchange, will sufficiently advance the property and is recommended by an independent qualified person\(^{20}\); and

(iii) sufficient funds to complete the planned programme of exploration and/or development on the company’s properties, to meet estimated general and administrative costs, anticipated property payments and capital expenditures for at least 18 months. A management-prepared 18 month projection (by quarter) of sources and uses of funds detailing all planned and required expenditures signed by the Chief Financial Officer must be submitted;

(iv) working capital of at least $2,000,000\(^{21}\) and an appropriate capital structure; and

(v) net tangible assets\(^{22}\) of $3,000,000.

Property Ownership — A company must hold or have a right to earn and maintain at least a 50% interest in the qualifying property. Companies holding less than a 50% interest, but not less than a 30% interest, in the qualifying property may be considered on an exceptional basis, based on programme size, stage of advancement of the property and strategic alliances. Where a company has less than a 100% interest in a qualifying property, the programme expenditure amounts attributable to the company will be determined based on its percentage ownership\(^{23}\).

Industrial Minerals — Industrial mineral companies (those with properties containing minerals which are not readily marketable) not currently generating revenues from production will normally be required to submit commercial contracts and meet the requirements under paragraph 314(a).

\[\text{¶1400-338}\]

Sec. 314.1. Requirements for Eligibility for Listing exempt from Section 502\(^{24}\) —

(a) net tangible assets\(^{25}\) of $7,500,000;

(b) pre-tax profitability from ongoing operations in the fiscal year immediately preceding the filing of the listing application;

(c) pre-tax cash flow of $700,000 in the fiscal year immediately preceding the filing of the listing application and an average pre-tax cash flow of $500,000 for the two fiscal years immediately preceding the filing of the listing application;

(d) proven and probable reserves to provide a mine life of at least 3 years, calculated by an independent qualified person\(^{26}\); and

(e) adequate working capital to carry on the business and an appropriate capital structure.

Exceptional circumstances may justify the granting of an exemption from Section 502, in which case the application will be considered on its own merits. “Exceptional circumstances” for this purpose will normally be

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\(^{17}\) Net Tangible Assets — Consideration will be given to including deferred exploration expenditures on a company’s currently active mineral properties in the Net Tangible Asset calculation if, in the opinion of the Exchange, the evidence provided so warrants.

\(^{18}\) See footnote 16.

\(^{19}\) Work Programme — The Exchange will consider companies undertaking an exploration or development programme of at least $500,000 on a qualifying property if planned programme expenditures on all properties aggregate at least $750,000. The additional properties will be considered with the submission of appropriate technical documentation, conforming to National Instrument 43-101.

\(^{20}\) See footnote 16.

\(^{21}\) Working Capital — Consideration may be given to companies with less than $2,000,000 in working capital if all or part of the company’s minimum work programme expenditure requirement will be funded by a substantial industry partner, such that an equivalent working capital amount would be recognized.

\(^{22}\) See footnote 17.

\(^{23}\) See footnote 19.

\(^{24}\) See footnote 1.

\(^{25}\) See footnote 17.

\(^{26}\) See footnote 16.
confined to an affiliation with a substantial established enterprise and/or an exceptionally strong financial position.

[¶1400-339]

Sec. 315. Public Distribution. — At least 1,000,000 freely tradeable shares having an aggregate market value of $4,000,000 must be held by at least 300 public holders, each holding one board lot or more. In circumstances where public distribution is achieved other than by way of a public offering, eg, by way of a reverse take-over, share exchange offer, or other distribution, the Exchange may require evidence that a satisfactory market in the company's securities will develop. Prior trading on another market or sponsorship by a Participating Organization, which will assist in maintaining an orderly market, may satisfy this condition.

[¶1400-340]

Sec. 316. Management. — The management of an applicant company shall be an important factor in the consideration of a listing application. In addition to the factors set out in Section 325, the Exchange will consider the background and expertise of management in the context of the business of the company. Management (including the company's board of directors) should have adequate experience and technical expertise relevant to a company's mining projects and adequate public company experience. Companies will be required to have at least two Canadian directors unless they are foreign applicants that comply with all of the Minimum Listing Requirements For Foreign Companies as detailed in Section 324. Companies will be required to have at least two independent directors.27

[¶1400-341]

Sec. 317. Sponsorship or Affiliation. — Sponsorship of an applicant company by a Participating Organization of the Exchange is required for companies applying to list under the paragraphs 314(a) and 314(b). Sponsorship, or affiliation with an established enterprise, can be a significant factor in the determination of the suitability of the company for listing, particularly where the company only narrowly meets the prescribed minimum listing requirements. Consideration will be given to the nature of the sponsorship or affiliation. In addition to the requirements detailed in Section 326 for Sponsorship Of Companies Seeking Listing On The Exchange, sponsors for mining applicants should also be responsible for reviewing and commenting on:

(a) the company's management-prepared 18 month projection of sources and uses of funds to ensure that it reflects all of the company's planned and anticipated exploration and development programmes, general and administrative costs, property payments and other capital expenditures;
(b) any site visits to the applicant's properties by the sponsor;
(c) issues and material agreements relating to land tenure for the company's principal properties, including the political risk, legal system, ability to mine, terms for maintaining mineral rights, legal impediments and any impediments to maintaining or securing the property; and
(d) management's experience and technical expertise relevant to the company's mining projects.

[¶1400-342]

Sec. 318. Other Factors. — The Exchange may, in its discretion, take into account any factors it considers relevant in assessing the merits of a listing application and may refuse to grant an application notwithstanding that the prescribed minimum listing requirements are met.

Minimum Listing Requirements for Oil and Gas Companies

[¶1400-356]

Sec. 319. Requirements for Eligibility for Listing Subject to Section 502 28. —

(a) proved developed reserves29 of $3,000,00030; and
(b) a clearly defined programme, satisfactory to the Exchange, which can reasonably be expected to increase reserves;
(c) adequate funds to execute the programme and cover all other capital expenditures as well as general, administrative and debt service

27 See footnote 14.
28 See footnote 1.
29 "Proved developed reserves" are defined as those reserves that are expected to be recovered from existing wells and installed facilities, or, if facilities have not been installed, that would involve a low expenditure, when compared to the cost of drilling a well, to put the reserves on production.
30 The Company must submit a technical report prepared by an independent technical consultant that conforms to National Instrument 51-101 and be acceptable to the Exchange. Reports prepared in conformity with other reporting systems deemed by the Exchange to be the equivalent of National Instrument 51-101 will normally be acceptable also. The value of reserves should be calculated as the net present value of future cash flows before income taxes, prepared on a constant dollar basis, and discounted at a rate of 20%. The Exchange may, at its discretion, also require the provision of a price sensitivity analysis.
expenses, for a period of 18 months with an allowance for contingencies. A management-prepared 18-month projection (by quarter) of sources and uses of funds detailing all planned and required expenditures signed by the Chief Financial Officer must be submitted; and,

(d) an appropriate capital structure.

Sec. 319.1. Requirements for Eligibility for Listing Exempt from Section 502[1].—

(a) proved developed reserves[2] of $7,500,000[3];

(b) pre-tax profitability from ongoing operations in the fiscal year preceding the filing of the listing application;

(c) pre-tax cash flow of $700,000 in the fiscal year preceding the filing of the listing application and an average annual pre-tax cash flow of $500,000 for the two fiscal years preceding the filing of the listing application; and,

(d) adequate working capital[4] to carry on the business and an appropriate capital structure.

Exceptional circumstances may justify the granting of an exemption from Section 502, in which case the application will be considered on its own merits. "Exceptional circumstances" for this purpose will normally be confined to an affiliation with a substantial established enterprise and/or an exceptionally strong financial position.

Sec. 320. Public Distribution.—At least 1,000,000 freely tradeable shares having an aggregate market value of $4,000,000 must be held by at least 300 public holders, each holding one board lot or more. In circumstances where public distribution is achieved other than by way of a public offering, e.g., by way of a reverse take-over, share exchange offer, or other distribution, the Exchange may require evidence that a satisfactory market in the company's securities will develop. Prior trading on another market or sponsorship by a Participating Organization, which will assist in maintaining an orderly market, may satisfy this condition.

Sec. 321. Management.—The management of an applicant company shall be an important factor in the consideration of a listing application.

In addition to the factors set out in Section 325, the Exchange will consider the background and expertise of management in the context of the business of the company. Management (including the company's board of directors) should have adequate experience and technical expertise relevant to a company's oil and gas projects and adequate public company experience. Companies will be required to have at least two Canadian directors unless they are foreign applicants that comply with all of the Minimum Listing Requirements for Foreign Companies detailed in Section 324. Companies will be required to have at least two independent directors[5]

Sec. 322. Sponsorship or Affiliation.—Sponsorship of an applicant company by a Participating Organization of the Exchange is required unless the company meets the requirements for listing under Section 319.1. Sponsorship, or affiliation with an established enterprise, can be a significant factor in the determination of the suitability of the company for listing, particularly where the company only narrowly meets the prescribed minimum listing requirements. Consideration will be given to the nature of the sponsorship or affiliation. In addition to the requirements detailed in Section 326 for Sponsorship of Companies Seeking Listing on The Exchange, sponsors for oil and gas applicants should also be responsible for reviewing and commenting on:

(a) the common issues specific to oil and gas companies;

(b) the company’s management-prepared 18-month projection of sources and uses of funds to ensure that it reflects all of the company’s planned and anticipated general, administrative and capital expenditures, as well as debt service;

(c) the company’s price sensitivity analysis, if required;

(d) any site visits to the applicant’s properties by the sponsor; and

(e) management’s experience and technical expertise relevant to the company’s oil and gas projects.

Sec. 323. Other Factors.—The Exchange may, in its discretion, take into account any factors

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31 See footnote 1.
32 "Proved developed reserves" are defined as those reserves that are expected to be recovered from existing wells and installed facilities; or, if facilities have not been installed, that would involve a low expenditure, when compared to the cost of drilling a well, to put the reserves on production.
33 See footnote 30.
34 In assessing the adequacy of funds, credit facilities with recognized financial institutions will be considered.
35 See footnote 14.

TSX Company Manual Sec. 323 ¶1400-361
it considers relevant in assessing the merits of a listing application and may refuse to grant an application notwithstanding that the prescribed minimum listing requirements are met.

Minimum Listing Requirements for Foreign Companies

Sec. 324. These requirements are published as a guide to applicant companies rather than a set of inflexible rules. The Exchange will maintain its customary discretion to consider applications with exceptional circumstances so that such applications will be considered on their own merits.

(a) Net tangible assets of a minimum of $10 million;
(b) Average pre-tax earnings for the last three fiscal years of $2 million;
(c) Minimum of 1 million issued shares held by a minimum of 3,000 public shareholders;
(d) The number of issued shares held by the public shall have a market value of a minimum of $10 million;
(e) If the applicant company is not listed on a major stock exchange recognized by the Exchange for this purpose, there shall be 300 public shareholders each holding a block lot or more who are residents of Canada. If the applicant company is listed on a major stock exchange recognized by the Exchange for this purpose, there is no requirement to have a Canadian shareholder distribution;
(f) Shares of the applicant company shall be issued in registered form;
(g) All reports to shareholders, notices of meetings and information circulars shall be issued to Canadian security holders in English;
(h) All financial information distributed to shareholders shall include a conversion rate of the currency in which the financial information is provided into Canadian dollars as of the effective date of the financial information;
(i) The applicant company shall make satisfactory arrangements with the Exchange regarding the expediting of releases in compliance with timely disclosure requirements; and
(j) If the applicant company is listed on a major stock exchange recognized by the Exchange for this purpose, the company may enter into a modified form of Listing Agreement with the Exchange which provides for certain exemptions to the company from requirements of the Exchange for so long as the company is listed on such major stock exchange.

C. MANAGEMENT OF LISTED COMPANIES

Sec. 325. Management. — The Exchange seeks to provide the general public and its listed companies with a well regulated, orderly, continuous auction market.

The Exchange reserves the right to exercise discretion in considering all factors related to the management of a company in order to determine the acceptability of that company for original listing and thereafter for continued listing. The Exchange's discretion will be exercised at all times in a manner which is reasonable and consistent with regulatory and statutory requirements.

Without in any way limiting the generality of the foregoing, the Exchange, in pursuit of its goal of public protection and to promote integrity and honesty in the capital markets:

1. shall require that any document submitted to the Exchange constitutes full, true and plain disclosure; and
2. may review the conduct of an officer, director, promoter, major shareholder or any other person or company or a combination of any of the above who in the Exchange's opinion holds sufficient of the company's securities to materially affect control, in order to satisfy itself that:

(a) the business of the company is and will be conducted with integrity and the best interests of its security holders and the investing public; and
(b) the rules and regulations of the Exchange and all other regulatory bodies having jurisdiction are and will be complied with.

D. SPONSORSHIP OF COMPANIES SEEKING LISTING ON THE EXCHANGE

Sec. 326. Sponsorship. — A company seeking listing on the Exchange must meet certain financial requirements. Management of the company is also important in the evaluation of a listing application by the Exchange. Sponsorship by a Participating Organization of the Exchange, as well as being a significant factor in the consideration of an applicant, is mandatory for all companies that are applying to list under the criteria for non-exempt companies.

The weight attached to sponsorship in any particular case depends upon the financial and managerial strength of an applicant. It may be a determining factor in some instances. While the terms of any sponsorship are to be a matter of negotiation

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between the sponsor and the applicant company, in the view of the Exchange, the sponsor is responsible for reviewing and providing comments in writing on the following, as applicable:

(a) the company’s qualifications for meeting all relevant listing criteria;

(b) the listing application together with all supporting documentation filed with the application for adequacy and completeness;

(c) all matters related to the applicant company and the adequacy of disclosure made to the Exchange;

(d) the company, its financial position and history, its business plan, its managerial expertise, any material transactions and all business affiliations or partnerships, and the likelihood of future profitability or viability of any exploration programme;

(e) any forecasts, projections, capital expenditure budgets, and independent technical reports, including the assumptions used in their development, submitted in support of the company’s listing application;

(f) the company’s press releases and financial disclosures during at least the past twelve months to assess whether the company has complied with appropriate disclosure standards;

(g) the past conduct of officers, directors, promoters and major shareholders of the company with a view to ensuring that the business of the company will be conducted with integrity, in the best interests of its security holders and the investing public, and in compliance with the rules and regulations of the Exchange and all other regulatory bodies having jurisdiction. The sponsor should satisfy itself, in particular, that:

(i) the company can be expected to prepare and publish all information required by the Exchange’s policy on timely disclosure;

(ii) the company’s directors appreciate the nature of the responsibilities they will be undertaking as directors of a listed company; and

(iii) the directors, officers, employees and insiders of the company appreciate the “insider trading” rules set out in the Ontario Securities Act;

(h) matters applicable specifically to industrial, mining and oil and gas companies as detailed in Sections 312, 317 and 322; and

(i) all other factors deemed relevant by the sponsor.

The Exchange also considers the sponsor’s responsibilities to include acting as a source of information for the company’s security holders, providing advisory assistance to the applicant company, and assisting in maintaining active and orderly trading in the market for the company’s securities.

The Exchange considers sponsorship to involve a relationship between the Participating Organization and its client applicant company, for the first part and the Exchange for the second part. The terms of a sponsorship must, therefore, be confirmed by letter notice to the Exchange from the sponsoring Participating Organization, as part of a listing application. The weight attached to a particular sponsorship by the Exchange in reviewing a listing application will depend upon the nature of the sponsorship.

E. ESCROW REQUIREMENTS

Sec. 327. Reference should be made to Appendix C for the Exchange’s requirements respecting securities issued by applicant companies prior to their first public distribution of securities.

F. RESTRICTED SHARES

Sec. 328. Where a company applies to list a class of participating shares which are:

(a) non-voting;

(b) voting, but the company has another class of voting shares; or

(c) voting, but there is a restriction on the power of the holders of a majority of the shares to elect a majority of the company’s directors (except where the restriction is applicable only to persons who are not Canadians or residents of Canada),

reference should be made to the Exchange Policy Statement on Restricted Shares, which is set out in Appendix E, and Ontario Securities Commission Policy 1.3.

G. OUTSTANDING OPTIONS AND EMPLOYEE INCENTIVE PLANS

Sec. 329. Stock options, stock option plans and employee stock purchase plans which are in effect at the time a company is first listed on the Exchange must be in compliance with the Exchange’s requirements applicable to listed companies (but need not be approved by shareholders). See Sections 631 and 633 regarding share compensation and incentive arrangements for employees and other persons who provide services for listed companies on an ongoing basis.
H. GRANTING OF CHARITABLE OPTIONS OR WARRANTS

Introduction

Sec. 330. An issuer seeking a listing on the Exchange that has filed a preliminary prospectus for an initial public offering of its securities and has received conditional approval from the Exchange for the listing of such securities may be authorized to grant a charitable option and to list securities issuable upon its exercise. Listing approval will be conditional upon any such charitable options being in compliance with the Exchange's general requirements applicable to charitable options granted by listed companies as detailed in Sections 637.4 to 637.11, as modified by the requirements set out below.

Sec. 331. Charitable options granted by an issuer seeking a listing, other than with a concurrent initial public offering of its securities, must be in compliance with the Exchange's general requirements applicable to charitable options granted by listed companies as detailed in Sections 637.4 to 637.11 (but need not be approved by shareholders).

Definitions

Sec. 332. For the purposes of Sections 333 to 335:

“Eligible Issuer” means a company, corporation, trust or limited partnership which (a) is an Unlisted Issuer, (b) has filed a preliminary prospectus for its IPO, and (c) has received conditional approval from the Exchange for the listing of Eligible Securities.

“Eligible Securities” means securities issuable from the treasury of (a) an Eligible Issuer that are securities of the class or series being offered for sale to the public pursuant to the IPO Final Prospectus; or (b) a listed issuer that are securities of a listed class or series.

“IPO” means initial public offering of securities of the Eligible Issuer.

“IPO Closing” means the first date upon which any securities are issued or distributed pursuant to the IPO Final Prospectus.

“IPO Final Prospectus” means the Eligible Issuer’s IPO (final prospectus for which a receipt has been issued by the relevant Canadian securities regulatory authority.

“IPO Price” means the price to the public per security sold or distributed pursuant to the IPO Final Prospectus.

“Unlisted Issuer” means a company, corporation, trust or limited partnership which has no securities listed or quoted on any stock exchange nor has outstanding securities for which trading is reported to or through a stock exchange or public market.

Requirements

Sec. 333. An Eligible Issuer may grant Charitable Options at any time before the IPO Closing and, prior to the IPO closing, must apply to the Exchange for approval to list all securities issuable upon exercise of such Charitable Options.

Sec. 334. The aggregate number of securities of the class or series that is issuable upon exercise of all Charitable Options granted by an Eligible Issuer must not at any time up to the issuer becoming a listed issuer exceed 2% of the total number of securities of that class or series (calculated on a non-diluted basis and adjusted for any stock splits and stock consolidations) outstanding immediately after the IPO Closing.

Sec. 335. No Charitable Option granted by an Eligible Issuer may:

(a) be exercised until after the IPO Closing and the concurrent listing of the Eligible Securities on the Exchange, subject to Section 334 above; or

(b) be exercised at a price per security that is less than the IPO Price.

The next section is Section 338.

I. LISTING APPLICATION PROCEDURE

The Formal Application

Sec. 338. The Listing Application form is set out in Appendix A. This Appendix also lists the required supporting documentation.

TSX Venture Exchange Companies

Applicants listed on the TSX Venture Exchange may be exempted from some of the requirements relating to the filing of documentation, sponsorship and/or the application fee. Generally, the Exchange will waive the application fee as set out in Section 801 if, after completing an eligibility review as outlined in Section 305, the Exchange has determined that the company meets the listing criteria. For further details on documentation requirements and sponsorship, please consult the “Checklist of documents to be filed” that forms part of the listing application contained in Appendix A.

Sec. 339. Where a company proposes to apply for the listing of securities to be offered to the
public by way of prospectus, the company may, prior to filing the Listing Application form, request that the Exchange conditionally approve the listing prior to the public offering. 35 copies of the preliminary prospectus must be filed with the Exchange for this purpose, together with completed Personal Information Forms (Appendix A at ¶1450-005). In the case of a natural resource company, the preliminary prospectus must also be accompanied by the requisite engineer’s or geologist’s reports.

[¶1400-438]

Sec. 340. An approval of an application based on a preliminary prospectus will be subject to the following conditions:

(a) There are no material changes in the final prospectus to the information disclosed in the preliminary prospectus.
(b) All other required documentation and evidence of satisfactory distribution of the securities will be filed with the Exchange within 90 days, or such other date as the Exchange may stipulate.

[¶1400-439]

Sec. 341. An application fee (see Section 801) must accompany the Listing Application form or preliminary prospectus, as the case may be.

[¶1400-440]

Sec. 342. The number of securities to be listed must be the number of securities actually issued and outstanding, together with any securities which have been authorized for issuance for a specific purpose.

[¶1400-441]

Sec. 343. Once a company’s securities have been accepted for listing, the company’s Listing Application form becomes part of a Listing Statement (see Section 348).

Listing Application Procedure

[¶1400-442]

Sec. 344. Following the receipt of an original listing application, the Exchange will notify the applicant within five business days, whether all required documentation to complete an assessment has been submitted in a form acceptable to the Exchange (the "Documentation"). Applicants will have 75 days to submit any outstanding Documentation. An applicant’s failure to submit any outstanding Documentation within the 75 day period will result in the deemed withdrawal of the application, further consideration of which will require resubmission and the payment of an additional application fee as set out in Section 801.

The Exchange will use its best efforts to assess the application and render a decision as soon as possible within 60 days from the date of receipt of all Documentation. The Exchange will also use its best efforts to accommodate an applicant’s schedule for the filing of a prospectus and the closing of an offering of securities. At any time during the assessment, the Exchange may require additional information or documentation, which may extend the assessment period.

Following completion of the assessment, the Exchange will determine either to:

(i) grant conditional approval:
the application for listing is conditionally approved, subject to meeting specified conditions within a 90 day period; or
(ii) defer:
the application for listing is deferred pending resolution of specified issues within a 90 day period. Failure to address these issues to the satisfaction of the Exchange within the 90 day period will result in the application being declined; or
(iii) decline:
the application for listing is declined and at least six months must pass before the applicant becomes eligible for reconsideration.

[¶1400-442a]

Sec. 345. Listings is available for consultation regarding the preparation of the Listing Application and the listing process. Contact Company Listings at (416) 947-4533 or e-mail: listings.advisory@tsx.com.

Notation on Face of Prospectus and in Advertising

[¶1400-443]

Sec. 346. Subsection 38(3) of the Ontario Securities Act states that no person, with the intention of effecting a trade, may make any representation that a security will be listed on a stock exchange or that application has been or will be made to list such security on a stock exchange except with the written permission of the Director of the Ontario Securities Commission. Before the Director will give this consent (which is normally evidenced by a final receipt in the case of a prospectus containing the representation), the Commission will require a communication from that stock exchange stating that the listing application has been conditionally approved.

A notation referring to listing on the Toronto Stock Exchange must not be printed on a preliminary prospectus or a draft of a prospectus or other offering document. The notation may only appear on a final prospectus or in other offering documents or in advertising when the listing application has been conditionally approved by the Exchange.

When securities have been conditionally approved for listing, the following notation on the face of the final prospectus or other offering docu-
Part III — Original Listing Requirements

Share Certificates

Sec. 346. The Exchange’s requirements respecting share certificates are set out in Appendix D (at ¶1450-077).

Sec. 347. Certificates must bear a CUSIP number which can be obtained from The Canadian Depository for Securities Limited (“CDS”) in Toronto. CUSIP is the standard securities numbering system for Canada and the United States.

In order to assign a CUSIP number, CDS will normally require a current prospectus of the applicant company or a similar document. Listing applicants must provide the Exchange with a copy of the written notice from CDS respecting the issuance of a CUSIP number before the company’s securities are listed.

Information regarding the application for a CUSIP number may be obtained by calling CDS at (416) 365-3552.

Listing Agreement

Sec. 348. Every listed company must maintain transfer and registration facilities in the City of Toronto, where all the issued securities of the listed classes must be directly transferable. Where transfer facilities are maintained in other cities, certificates must be interchangeably transferable and identical in colour and form with the Toronto certificates, except as to the names of the transfer agent and registrar. The combined amount of securities registered in all cities must not exceed the amount authorized by the Exchange to be listed. Certificates must name the cities where they are transferable.

Sec. 349. The Exchange’s requirements respecting share certificates are set out in Appendix D (at ¶1450-077).

Sec. 350. Certificates must bear a CUSIP number which can be obtained from The Canadian Depository for Securities Limited (“CDS”) in Toronto. CUSIP is the standard securities numbering system for Canada and the United States.

In order to assign a CUSIP number, CDS will normally require a current prospectus of the applicant company or a similar document. Listing applicants must provide the Exchange with a copy of the written notice from CDS respecting the issuance of a CUSIP number before the company’s securities are listed.

Information regarding the application for a CUSIP number may be obtained by calling CDS at (416) 365-3552.

Sec. 351. Each listed company, by signing the Listing Agreement (Appendix A at ¶1450-004), makes itself subject to the rules and policies of the Exchange.

The procedures for complying with the requirements of the Listing Agreement are described more fully in the subsequent Parts of this Manual.

J. APPROVAL OF LISTING AND POSTING OF SECURITIES

Sec. 352. When the Toronto Stock Exchange is satisfied that the application documents are in order, the application is submitted to the Exchange’s Listings Committee, which is comprised of members of Listings.

The Listings Committee may ask for additional information in order to clarify certain areas of the application. In addition, the Listings Committee may consult the Toronto Stock Exchange’s Listings Advisory Committee, which is comprised of persons in the securities industry.

Listing on the Exchange is considered to be a privilege, not a right. In some instances, the Listings Committee may decide that an applicant company does not merit the listing privilege notwith-
standing that the company appears to meet the prescribed minimum listing requirements.

Sec. 353. If the Listings Committee approves the company's securities for listing, the Exchange will select a registered trader to act as the designated market maker for the securities. The designated market maker has responsibilities which assist in maintaining an orderly market in the securities. The process of selecting the designated market maker usually takes two to three weeks.

Sec. 354. Once the listing application has been approved, the posting of the securities for trading may take place shortly thereafter, but, as a general rule, not more than 90 days after approval of the application for listing. During the period between listing approval and posting for trading, the securities are acceptable to Participating Organizations for margin purposes.

In the case of the listing of securities being offered to the public, the listing may take place prior to the closing of the offering, at the applicant company's request. Exchange staff will advise the company of the requirements in this regard. Any trading that takes place prior to closing will be on an "if, as and when issued" basis.

Sec. 354.1. If the Listings Committee does not approve the applicant's securities for listing, the applicant may request that the matter be heard by the Listings Committee with the additional participation of the Vice President, Advisory Affairs and/or the Senior Vice President of the Toronto Stock Exchange. If after being heard, the applicant remains dissatisfied with the decision, the applicant may appeal the decision to a three-person panel of the Toronto Stock Exchange's Board of Directors.

An applicant may request that the Ontario Securities Commission review the Board's decision provided that the provisions of Section 21 of the Ontario Securities Act (or any replacement legislation) apply.

Sec. 354.2. Where a Conflict of Interest (as defined in the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.) or potential Conflict of Interest arises relating to initial listing of a Competitor (as defined in the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.), reference should be made to the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.

K. LISTING STATEMENT

Sec. 355. The new listed issue is assigned a stock symbol by Exchange staff. The stock symbol is an abbreviation of the issuing company's name, consisting of not more than three letters of the alphabet. A suffix is attached to the symbol to identify preferred shares, rights, warrants, or a specific class of shares.

A request for a specific trading symbol may be made to the Exchange by the company when applying for listing. Every effort will be made to reserve the symbol requested, but there is no guarantee that it will be available.

The stock symbol assigned by the Exchange will be unique to the company for all trading on Canadian exchanges. If the company is already listed on another Canadian exchange, its securities will trade on the Toronto Stock Exchange under the same symbol.

Listing Day Programme

Sec. 356. The company is invited to attend a ceremony at the Exchange to celebrate the listing of the company's securities on the TSX. Company officials will have an opportunity to meet Exchange staff with whom they will deal as a listed company. The Exchange also provides a photographer to record the event for the company.

L. PUBLIC AVAILABILITY OF DOCUMENTS

Sec. 357. The Listing Statement is compiled by the Exchange from the Listing Application and financial statements filed by the company in support of its application for listing. It should not be regarded as a prospectus. It is issued for the information of Participating Organizations, agencies of governments connected with the securities industry, news media, financial institutions and other members of the investing public. The Statements are available to interested persons on a subscription basis, and copies are kept at the Exchange for public inspection.

The Exchange undertakes the printing of the Listing Statements, but the printing expenses are charged to the listed company.
given final approval, and such documents may be published, at the discretion of the Exchange.

Sec. 359. The Exchange may hold the documents in confidence so long as the Exchange is of the opinion that the documents so held disclose intimate financial, personal or other information and that the desirability of avoiding disclosure thereof in the interests of any person or company outweighs the desirability of adhering to the general principle that the documents be available to the public for inspection.

M. PROVINCIAL SECURITIES LAWS

Sec. 360. All listed companies are "reporting issuers" as defined in the Securities Act of Ontario, and must comply with the provisions of that Act, as well as all other applicable securities legislation.
PART IV
MAINTAINING A LISTING — GENERAL REQUIREMENTS

A. GENERAL

Sec. 401. Once approval has been given for its securities to be listed, in order to maintain the listing privilege a company must fulfill a number of requirements on a continuing basis. These requirements are described in this and subsequent Parts.

Sec. 402. While agreeing to meet a number of specific requirements in order to maintain a listing on the Exchange, each listed company, in signing the Listing Agreement (Appendix A at ¶1450-004), accepts the authority of the Board of Directors of the Exchange (or its delegated committee) which, in its discretion, may at any time suspend from trading or delist the company’s securities. (See also Part VII of this Manual)

Sec. 403. Section 21.7(1) of the Ontario Securities Act provides that any person or company directly affected by any direction, order or decision of the Exchange may apply to the Ontario Securities Commission for a hearing and review thereof.

Sec. 404. In general, to maintain its listing privilege a company must make public disclosures and keep the Exchange fully informed of both routine and unusual events and decisions affecting its security holders.

The purpose of these requirements is to ensure that the market has adequate time for consideration of, and response to, corporate events. In addition, it is necessary that records be continually maintained regarding the entitlement to various benefits as they accrue from time to time to the security holders of record.

In some matters, the prior consent of the Exchange to an intended course of action is required, in order to ensure that implementation of the corporate decision is consistent with Exchange requirements.

Sec. 405. All listed companies should be thoroughly familiar with the applicable federal and provincial statutory requirements respecting timely disclosure, financial statements, proxy materials and shareholders’ meetings. The Exchange’s requirements and the statutory requirements may vary, but they do not conflict. The Exchange enforces its own requirements. It retains the right to waive these requirements, but does not have the right to waive statutory requirements. The

Exchange frequently draws the attention of a company to its multiple obligations, but the responsibility rests with the company to meet all sets of applicable requirements.

B. TIMELY DISCLOSURE

Introduction

Sec. 406. It is a cornerstone policy of the Exchange that all persons investing in securities listed on the Exchange have equal access to information that may affect their investment decisions. Public confidence in the integrity of the Exchange as a securities market requires timely disclosure of material information concerning the business and affairs of companies listed on the Exchange, thereby placing all participants in the market on an equal footing.

The timely disclosure policy of the Exchange is the primary timely disclosure standard for all TSX listed issuers. National Policy No. 51-201 of the Canadian securities commissions, “Disclosure Standards”, assists issuers in meeting their legislative disclosure requirements. While the legislative and Exchange timely disclosure requirements differ somewhat, the Canadian securities commissions clearly state in National Policy No. 51-201 that they expect listed issuers to comply with the requirements of the Exchange.

To minimize the number of authorities that must be consulted in a particular matter, in the case of securities listed on the Exchange, the Exchange is the relevant contact. The issuer may, of course, consult with the government securities administrator of the particular jurisdiction. In the case of securities listed on more than one stock market, the issuer should deal with each market.

The requirements of the Exchange and National Policy No. 51-201 are in addition to any applicable statutory requirements. The Exchange enforces its own policy. Companies whose securities are listed on the Exchange are legally obligated to comply with the provisions on timely disclosure set out in section 75 of the Ontario Securities Act and the Regulation under the Act. Reference should also be made to Ontario Securities Commission Policies 7.1, “Application of Requirements of the Securities Act to Certain Reporting Issuers”, National Instrument 55-102, “System for Electronic Disclosure by Insiders”, and National Instrument 62-103, “The Early Warning System and Related Take-Over Bid and Insider Reporting Issues”.

In addition to the foregoing requirements, companies whose securities are listed on the Exchange
Part IV — Maintaining a Listing — General Requirements

and who engage in mineral exploration, development and/or production, must follow the “Disclosure Standards for Companies Engaged in Mineral Exploration, Development and Production” as outlined in Appendix B of this Manual for both their timely and continuous disclosure.

The Market Surveillance Division (“Market Surveillance”) of Market Regulation Services Inc. now monitors the timely disclosure policy on behalf of the Exchange.

Material Information

Definition

Sec. 407. Material information is any information relating to the business and affairs of a company that results in or would reasonably be expected to result in a significant change in the market price or value of any of the company’s listed securities.

Material information consists of both material facts and material changes relating to the business and affairs of a listed company. In addition to material information, trading on the Exchange is sometimes affected by the existence of rumours and speculation. Where this is the case, Market Surveillance may require that an announcement be made by the company whether such rumours and speculation are factual or not. The policy of the Exchange with regard to rumours is set out more fully in Section 414.

The timely disclosure policy of the Exchange is designed to supplement the provisions of the Ontario Securities Act, which requires disclosure of any “material change” as defined therein. A report must be filed with the Ontario Securities Commission concerning any “material change” as soon as practicable and in any event within ten days of the date on which the change occurs. The Exchange considers that “material information” is a broader term than “material change” since it encompasses material facts that may not entail a “material change” as defined in the Act. It has long been the practice of most listed companies to disclose a broader range of information to the public pursuant to the Exchange’s timely disclosure policy than a strict interpretation of the Act might require. Companies subject to securities legislation outside of Ontario should be aware of their disclosure obligations in other jurisdictions.

It is the responsibility of each listed company to determine what information is material according to the above definition in the context of the company’s own affairs. The materiality of information varies from one company to another according to the size of its profits, assets and capitalization, the nature of its operations and many other factors. An event that is “significant” or “major” in the context of a smaller company’s business and affairs is often not material to a large company. The company itself is in the best position to apply the definition of material information to its own unique circumstances. The Exchange recognizes that decisions on disclosure require careful subjective judgments, and encourages listed companies to consult Market Surveillance when in doubt as to whether disclosure should be made.

Rule: Immediate Disclosure

Sec. 408. A listed company is required to disclose material information concerning its business and affairs 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 of persons with access to the information acting upon undisclosed information. Unusual trading marked by significant changes in the price or trading volumes of any of a company’s securities prior to the announcement of material information is embarrassing to company management and damaging to the reputation of the securities market, since the investing public may assume that certain persons benefited from access to material information which was not generally disclosed.

In restricted circumstances disclosure of material information may be delayed for reasons of corporate confidentiality. In this regard, see Sections 423.1 to 423.3.

Developments to be Disclosed

Sec. 409. Companies 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 in the sense outlined above and uncharacteristic of the effect generally experienced as a result of such development by other companies engaged in the same business or industry, companies 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.

The market price of a company’s securities may be affected by factors directly relating to the securities themselves as well as by information concerning the company’s business and affairs. For
example, changes in a company's issued capital, stock splits, redemptions and dividend decisions may all impact upon the market price of a security.

Sec. 410. Other actual or proposed developments that are likely to give rise to material information and thus to require prompt disclosure include, but are not limited to, those listed below: Of course, any development must be material according to the definition of material information before disclosure is required.

Many developments must be disclosed at the proposal stage, or before an event actually occurs, if the proposal gives rise to material information at that stage. 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 board of directors of the company, or by senior management with the expectation of concurrence from the board of directors. Subsequently, updates should be announced at least every 30 days, unless the original announcement indicates that an update will be disclosed on another indicated date. In addition, prompt disclosure is required of any material change to the proposed transaction, or to the previously disclosed information.

Examples of developments likely to require prompt disclosure as referred to above include the following:

(a) Changes in share ownership that may affect control of the company.
(b) Changes in corporate structure, such as reorganizations, amalgamations, etc.
(c) Significant litigation.
(d) Public or private sale of additional securities.
(e) Major corporate acquisitions or dispossession.
(f) Changes in capital structure.
(g) Development of new products and developments affecting the company's resources, technology, products or markets.
(h) Significant discoveries by resource companies.
(i) Significant changes in management.
(j) Changes in capital investment plans or corporate objectives.
(k) Significant changes in management.
(l) Significant litigation.
(m) Major labour disputes or disputes with major contractors or suppliers.

Sec. 411. 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 Policy No. 48 of the Canadian Securities Administrators ("Future-oriented Financial Information").

Market Surveillance

Monitoring Trading

Sec. 412. Market Surveillance maintains a continuous stock watch programme which is designed to highlight unusual market activity, such as unusual price and volume changes in a stock relative to its historical pattern of trading. Where unusual trading activity takes place in a listed security, Market Surveillance attempts to determine the specific cause of such activity. If the specific cause cannot be determined immediately, company management will be contacted. Should this contact result in Market Surveillance staff becoming aware of a situation which requires a news release, the company will be asked to make an immediate announcement. Should the company be unaware of any undisclosed developments, Market Surveillance staff will continue to monitor trading and, if concerns continue, may ask the company to issue a statement that it is not aware of any undisclosed developments that would account for the unusual trading pattern.

Timing of Announcements

Sec. 413. Market Surveillance has the responsibility of receiving all timely disclosure news releases from listed companies detailing material information concerning their affairs. The overriding rule is that significant announcements are required to be released immediately. Release of certain announcements may be delayed until the close of trading, subject to the approval of Market Surveill-
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Company officials are encouraged to seek assistance and direction from Market Surveillance as to when an announcement should be released and whether trading in the company’s shares should be halted for dissemination of an announcement.

Rumours

Sec. 414. Unusual market activity is often caused by the presence of rumours. The Exchange recognizes that it is impractical to expect management to be aware of, and comment on, all rumours, but when market activity indicates that trading is being unduly influenced by rumours Market Surveillance will request that a clarifying statement be made by the company. Prompt clarification or denial of rumours through a news release is the most effective manner of rectifying such a situation. A trading halt may be instituted pending a “no corporate developments” statement from the company. If a rumour is correct in whole or in part, immediate disclosure of the relevant material information must be made by the company and a trading halt will be instituted pending release and dissemination of the information.

O.S.C. Cease Trading Order

Sec. 415. In certain circumstances trading in a listed security may be stopped by Market Surveillance as a result of a cease trading order being issued by the Ontario Securities Commission. Such an order may be issued by the Commission where it is of the opinion that a halt in trading is in the public interest. However, Market Surveillance generally handles halts for the dissemination of announcements of material information. Additional information with respect to trading halts is included in Sections 420 to 423.

Announcements of Material Information

Pre-Notification to Exchange

Sec. 416. The Exchange’s policy requires immediate release of material information except in unusual circumstances. While Market Surveillance may permit certain news releases to be issued after the close of trading, the policy of immediate disclosure frequently requires that news releases be issued during trading hours, especially when an important corporate development has occurred. If this is the case, it is absolutely essential that company officials notify Market Surveillance prior to the issuance of a news release. Market Surveillance staff will then be in a position to determine whether trading in any of the company’s securities should be temporarily halted. Also, if the Exchange is not advised of news releases in advance, any subsequent unusual trading activity will generate enquiries and perhaps a halt in trading.

Regardless of when an announcement involving material information is released, Market Surveillance must be advised of its content and supplied with a copy in advance of its release. Market Surveillance must also be advised of the proposed method of dissemination. Market Surveillance must be advised by telephone in advance if an announcement is ready to be made during trading hours, and submission of a written copy of the release should follow. Where an announcement is to be released after the Exchange has closed, Market Surveillance staff should be advised before trading opens on the next trading day. Copies may be faxed or hand delivered to Market Surveillance.

Market Surveillance co-ordinates trading halts with other exchanges and markets where a company’s securities are listed or traded elsewhere. A convention exists that trading in a security traded in more than one market shall be halted and resumed at the same time in each market. Failing to pre-notify the Exchange of an imminent material announcement could disrupt this system.

Dissemination

Sec. 417. After notifying Market Surveillance, a news release must be transmitted to the media by the quickest possible method, and by one 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.

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

— dissemination of the full text of the release to the national financial press and to daily newspapers that provide regular coverage of financial news;

— dissemination to all Participating Organizations; and

— dissemination to all relevant regulatory bodies.

Companies are also expected to use services such as Dow Jones and Reuters that provide wide dissemination at no charge to the issuer. However, companies should be aware that these services do not carry all releases and may substantially edit releases they do carry. News services that guarantee that the full text of the release will be carried are required to be used.

Dissemination of news is essential to ensure that all investors trade on equal information. The onus is on the listed company to ensure appropriate dis-
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semination 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 of trading or delisting of the company's securities. In particular, the Exchange will not consider relieving a company from its obligation to disseminate news properly because of cost factors.

Content of Announcements

Sec. 418. Announcements of material information should be factual and balanced, neither over-emphasizing favourable news nor under-emphasizing unfavourable news. Unfavourable news must be disclosed just as promptly and completely as favourable news. It is appreciated that news releases may not be able to contain all the details that would be included in a prospectus or similar document. However, news releases should contain sufficient detail to enable media personnel and investors to appreciate the true substance and importance of the information so that investors may make informed investment decisions. The guiding principle should be to communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary designed to colour the investment community's perception of the announcement one way or another. The company should be prepared to supply further information when appropriate, and the Exchange recommends that the name and telephone number of the company official to contact be provided in the release.

Misleading Announcements

Sec. 419. While the policy of the Exchange is that all material information must be released immediately, judgment must be exercised by company officials as to the timing and propriety of any news releases concerning corporate developments, since misleading disclosure activity designed to influence the price of a security is considered by the Exchange to be improper. Misleading news releases send signals to the investment community which are not justified by an objective examination of the facts, and may detract from the credibility of the company. Announcements of an intention to proceed with a transaction or activity should not be made unless the company has the ability to carry out the intent (although proceeding may be subject to contingencies) and a decision has been made to proceed with the transaction or activity by the board of directors of the company, or by senior management with the expectation of concurrence from the board of directors. Disclosure of corporate developments must be handled carefully and requires the exercise of judgment by company officials as to the timing of an announcement of material information, since either premature or late disclosure may result in damage to the reputation of the securities markets.

Trading Halts

When Trading May Be Halted

Sec. 420. The Exchange's objective is to provide a continuous auction market in listed securities. The guiding principle is therefore to reduce the frequency and length of trading halts as much as possible.

Trading may be halted in the securities of a listed company upon the occurrence of a material change during normal trading hours, which requires immediate public disclosure. The determination that trading should be halted is made by Market Surveillance. Market Surveillance determines the amount of time necessary for dissemination in any particular case, which determination is dependent upon the significance and complexity of the announcement.

It is neither the intention nor practice of Market Surveillance to halt trading for all news releases from listed companies. A news release is discussed by Market Surveillance and the listed company prior to its release and a determination is made as to whether a trading halt is justified based upon the impact which the particular announcement is expected to have on the market for the company's securities.

A halt in trading does not reflect upon the reputation of management of a company nor upon the quality of its securities. Indeed, trading halts for material information announcements are usually made at the request of the listed company involved. Market Surveillance normally attempts to contact a company before imposing a halt in trading.

Requests for Trading Halts

Sec. 421. It is not appropriate for a listed company to request a trading halt in a security if a material announcement is not going to be made forthwith.

When a listed company (or its advisors) requests a trading halt for an announcement, the company must provide assurance to Market Surveillance that an announcement is imminent. The nature of this announcement and the current status of events shall be disclosed to Market Surveillance, in order the staff can assess the need for and appropriate duration of a trading halt.
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Length of Trading Halts

[¶1400-642]

Sec. 422. When a halt in trading is necessary, trading is normally interrupted for a period of less than two hours. In the normal course, the announcement should be made immediately after the halt is imposed and trading will resume within approximately one hour of the dissemination of the announcement through major news wires.

A trading halt in a security shall not normally extend for a period longer than 24 hours from the time the halt was imposed. This is a maximum time period intended to address unusual situations. The only exception to the 24-hour time limit is where Market Surveillance determines that resumption of trading would have a significant negative impact on the integrity of the market.

Failure to Make an Announcement Immediately

[¶1400-643]

Sec. 423. If trading is halted but an announcement is not immediately forthcoming as expected, Market Surveillance will establish a reopening time, which shall not be later than 24 hours after the time that the halt was imposed (excluding non-business days). If the company fails to make an announcement, Market Surveillance will issue a notice stating that trading was halted for dissemination of news or for clarification of abnormal trading activity, that an announcement was not immediately forthcoming, and that trading will therefore resume at a specific time.

When Market Surveillance advises a company in applying this Section 423 that it will announce the reopening of trading the company should consider, in light of its responsibility to make timely disclosure of all material information, whether it should issue a statement prior to the reopening becoming effective to clarify why it requested a trading halt (if this is the case) and why it is not able to make an announcement prior to the reopening of trading.

Confidentiality

When Information May Be Kept Confidential

[¶1400-644]

Sec. 423.1. In restricted circumstances disclosure of material information concerning the business and affairs of a listed company may be delayed and kept confidential temporarily where immediate release of the information would be unduly detrimental to the interests of the company.

Examples of instances in which disclosure might be unduly detrimental to the company's interests are as follows:

[¶1400-642] Sec. 422 © 2004, CCH Canadian Limited
Maintaining Confidentiality

Sec. 423.3. If disclosure of material information is delayed, complete confidentiality must be maintained. In the event that such confidential information, or rumours respecting the same, is divulged in any manner other than in the necessary course of business, the company is required to make an immediate announcement on the matter. Market Surveillance must be notified of the announcement in advance in the usual manner. During the period before material information is disclosed, market activity in the company's securities should be closely monitored. Any unusual market activity probably means that news of the matter is being disclosed and that certain persons are taking advantage of it. In such case, Market Surveillance should be advised immediately, and a halt in trading will be imposed until the company has made disclosure on the matter.

At any time when material information is being withheld from the public, the company is under a duty to take precautions to keep such information completely confidential. Such information should not be disclosed to any officers or employees of the company, or to the company's advisors, except in the necessary course of business. The directors, officers, and employees of a listed company should be reminded on a regular basis that confidential information obtained in the course of their duties must not be disclosed. It is contrary to law under the Ontario Securities Act for any person in a "special relationship" with a company to make use of such information before it is generally disclosed to the public.

Listed companies must comply with the provisions of section 75 of the Ontario Securities Act requiring confidential disclosure to the Ontario Securities Commission of any "material change" that is not immediately being disclosed to the public.

Insider Trading

Sec. 423.4. Every listed company should have a firm rule prohibiting those who have access to confidential information from making use of such information in trading in the company's securities before the information has been fully disclosed to the public and a reasonable period of time for dissemination of the information has passed.

Insider trading is strictly regulated by Part X XI and sections 76 and 134 of the Ontario Securities Act and the Regulation under the Act. The securities laws of other provinces also regulate insider trading in their respective jurisdictions. Insider trading in the securities of companies incorporated under the Canada Business Corporations Act is also regulated by Part X of that Act. The definition of an "insider" will vary from statute to statute, but in any case will include directors and senior officers of the company and large shareholders. In Ontario, directors and senior officers of any company that itself is an insider of a second company are considered insiders of that second company. It is recommended that directors and officers of listed companies be fully conversant with all applicable legislation concerning insider trading.

The Ontario Securities Act requires insiders who own securities of a listed company to file an initial report with the Ontario Securities Commission upon becoming insiders and to report all trades made in the securities of the company of which they are insiders within ten days after a trade is made.

In addition, section 76 of the Ontario Securities Act prohibits any person or company in a "special relationship" with a listed company from trading on the basis of undisclosed material information on the affairs of that company. Those considered to be in a "special relationship" with a listed company include those who are insiders, affiliates or associates of the listed company, a person or company proposing to make a take-over bid of the listed company, and a person or company proposing to become a party to a reorganization, amalgamation, merger or similar business arrangement with the listed company. A person or company in a "special relationship" also includes those involved, or who were involved, in the provision of business or professional services to the listed company, including employees.

An indefinite chain of "tippees" is created by including in the "special relationship" category persons or companies who acquire information from a source known to them to have a "special relationship" with the listed company.

In any situation where material information is being kept confidential because disclosure would be unduly detrimental to the best interests of the company, 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 company, such as lawyers, engineers and accountants, in which use is made of such information before it is generally disclosed to the public. Similarly, undisclosed material information cannot be passed on or "tipped" to others who may benefit by trading on the information.

In the event that Market Surveillance is of the opinion that insider or improper trading may have occurred before material information has been disclosed and disseminated, the Exchange requires an immediate announcement to be made disclosing the material information of which use is being made.
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Guidelines — Disclosure, Confidentiality and Employee Trading

Sec. 423.5. Companies listed on the Exchange must comply with two sets of rules:

- securities law governing corporate disclosure, confidentiality and employee trading
- the Exchange’s policy on timely disclosure (Sections 406 to 423.4), which expands on the requirements of securities law.

Collectively, these rules are referred to as the Disclosure Rules. Compliance with them is essential to maintaining investor confidence in the integrity of the Exchange’s market and its listed companies.

Each listed company should establish a clear written policy to help it comply with the Disclosure Rules. The guidelines in Sections 423.6 to 423.8 are intended to help companies establish their policies. They should be viewed as a means to an end (compliance with the Disclosure Rules) and not as an end in themselves.

These guidelines are not hard and fast rules, and will not be appropriate for every listed company. The TSX recognizes that company policies will vary depending on the company’s size and corporate culture.

Every company’s policy, however, should:

- describe the procedures to be followed and spell out the consequences of violations
- be updated regularly
- be brought to the attention of employees regularly.

The policy should also give specific guidance in the following areas:

- disclosing material information
- maintaining the confidentiality of information
- restricting employee trading.

Guidelines

The Exchange suggest that the company’s policy include provisions to assist management in determining:

- if the information is material and must therefore be disclosed
- when and how the material is to be disclosed
- the content of any press release disclosing the information.

Specific corporate officers should be made responsible for disclosing material information.

These officers would:

- be completely familiar with the company’s operations
- be kept up to date on any pending material developments
- have a sufficient understanding of the disclosure rules to be able to decide whether or not a piece of information is material
- be responsible for communications with the media, shareholders and securities analysts
- have back-ups assigned, in case they are unavailable.

To assist these officers, it might be helpful for them to have access to a file containing all relevant public information about the company, including news releases, brokerage research reports and debriefing notes following analyst contacts.

Different corporate officers may be designated for different circumstances. For example, a specific employee might be designated as a corporate spokesperson for a particular area of operations or a particular press release. At the same time investor relations personnel might be designated as the contact for shareholders, the media and analysts, but not have the authority to issue a particular press release.

The names of the designated officers, the names of their back-ups, and their areas of responsibility should be given to Market Surveillance. Market Surveillance may need to contact them in the event of unusual trading in the company’s securities.

Avoid situations where:

- delays occur because the person responsible for disclosure is unavailable or cannot be located
- employees other than designated spokespersons comment on material corporate developments.

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Maintaining the Confidentiality of Information

Sec. 423.7. The Disclosure Rules allow that if the early disclosure of material information would be unduly detrimental to the company, that information may be kept confidential for a limited period of time. To keep material information completely confidential, companies should:

- not disclose the information to anybody, except in the necessary course of business
- make sure that if the information has been disclosed in the necessary course of business, everyone understands that it is to be kept confidential
- make sure that there is no selective disclosure of confidential information to third parties, for example, in a meeting with an analyst. This is tipping, which is prohibited under securities law.

In the event that selective disclosure of confidential information inadvertently occurs, the company must immediately disclose the information publicly by issuing a press release.

Guidelines

The Exchange suggests that a company's policy might:

- limit the number of people with access to confidential information
- require confidential documents to be locked up and code names to be used if necessary
- make sure that confidential documents cannot be accessed through technology such as shared servers
- educate all staff about the need to keep certain information confidential, not to discuss confidential information when they may be overheard, and not to discuss investment in the company, for example, in an investment club, when they are aware of confidential information (so that they don't influence the investments of other people, when they themselves are not allowed to trade).

Restrictions on Employee Trading

Sec. 423.8. The Disclosure Rules require that employees with access to material information be prohibited from trading until the information has been fully disclosed and a reasonable period of time has passed for the information to be disseminated. This period may vary, depending on how closely the company is followed by analysts and institutional investors.

This prohibition applies not only to trading in company securities, but also to trading in other securities whose value might be affected by changes in the price of the company's securities. For example, trading in listed options or securities of other companies that can be exchanged for the company's securities is also prohibited.

In addition, if employees become aware of undisclosed material information about another public company such as a subsidiary, they may not trade in the securities of that other company.

In the case of pending transactions, the circumstances of each case should be considered in determining when to prohibit trading. In some cases, prohibition may be appropriate as soon as discussions about the transaction begin. The definition of materiality helps determine when trading should be prohibited in the case of pending transactions. Trading must be prohibited once the negotiations have progressed to a point where it reasonably could be expected that the market price of the company's securities would materially change if the status of the transaction were publicly disclosed.

Guidelines

The Exchange suggests that a company's policy address trading blackouts. Trading blackouts are periods of time during which designated employees cannot trade the company's securities or other securities whose price may be affected by a pending corporate announcement. A trading blackout:

- prohibits trading before a scheduled material announcement is made (such as the release of financial statements)
- may prohibit trading before an unscheduled material announcement is made, even if the employee affected doesn't know that the announcement will be made
- prohibits trading for a specific period of time after a material announcement has been made.

It is easiest to implement a policy on trading blackouts that applies to scheduled announcements, such as the release of financial statements. In this case the policy might:

- prohibit trading by employees for a certain number of days before and after the release of financial statements
- provide "open windows", which are limited periods of time following the release of finan-
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cial statements during which employees may trade.

It is more problematic to implement a policy on trading blackouts for unscheduled announcements. A company should make the following decisions about its policy on trading blackouts according to its particular circumstances:

- should the policy apply to employees other than those already prevented from trading by insider trading rules (for example, senior employees not directly involved in the material transaction)?
- would telling an employee not to trade tip them off as to the content of the pending announcement?

If a company decides to implement a pre-announcement blackout policy, it might want to consider one of the following options:

- without giving a reason, instruct employees not to trade until further notice if there is a pending undisclosed material development
- require employees to obtain approval before trading, on the understanding that this approval will be denied if any material information has not been disclosed.

A company's policy on post-announcement trading blackouts should:

- state whether the blackout rules apply to all staff or only to those involved in the material transaction
- allow the market time to absorb the information before employees can resume trading. The amount of time that the market needs to absorb the information and set a new price level will depend upon the size of the company and to what extent it is tracked by analysts and investors.

The Exchange also suggests that a company:

- circulate some basic do's and don'ts about employee trading to all their staff
- designate a contact person who is familiar with the disclosure rules and who can help employees determine whether or not they may trade in a given circumstance
- set expiry dates for the exercise of stock options and other such compensation plans so that the expiry dates normally would fall after the release of financial statements
- educate employees about any additional specific trading restrictions that may apply to them (for example, section 130 of the Canada Business Corporations Act generally prohibits insiders of CBCA companies from selling that company's shares short, or from buying or selling put or call options on the shares. Insiders of companies which have to report under the U.S. Securities Exchange Act of 1934 may be subject to other restrictions, such as liability to account for short swing profits)

- decide whether employees who are subject to more stringent trading restrictions, and who are not required by law to file insider trading reports, should have to report details of their trading to the company
- decide whether the company should review insider trading reports to make sure that employees have complied with company policy and disclosure rules.

Electronic Communications Disclosure Guidelines

§1400-652 Sec. 423.9. For financial markets, the Internet may be the greatest leap forward in providing information and analysis since the advent of electronic communications. It is putting relevant information at investors' fingertips — instantaneously and simultaneously. But the Internet also poses regulatory challenges. In a world in which information is more readily available than ever, it is more important than ever that it be accurate, timely and up-to-date. This is in mind, TSX has developed these electronic communications guidelines to assist issued issuers to meet their investors' informational needs.

Part II reminds issuers that applicable disclosure rules apply to all corporate disclosure through electronic communications and must be followed by each issuer. Disclosure of information by an issuer through its web site or e-mail will not satisfy the issuer’s disclosure obligations. The corporation must continue to use traditional means of dissemination. Part III sets out the guidelines that apply directly to the Internet and other electronic media. The overall objective of the guidelines is to encourage the use of electronic media to make investor information accessible, accurate and timely. The challenge of regulating electronic media is to ensure that regulatory concerns are addressed without impeding innovation.
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its formal corporate disclosure record. As such, these electronic communications are subject to securities laws and TSX standards and should not be viewed merely as a promotional tool.

TSX strongly recommends that all listed issuers maintain a corporate web site to make investor relations information available electronically.

Current securities filings of listed issuers such as financial statements, AIFs, annual reports and prospectuses are maintained on the SEDAR web site operated by CDS. In addition, TSX maintains a profile page on each listed issuer on its web site (“tsx.com”). Further, many news wire services post listed issuer news releases on their web sites. Since these various sites are not all connected, it may be difficult and time consuming for an investor to search the Internet and obtain all relevant investor relations information about a particular issuer. If an issuer creates its own web site, it can ensure that all of its investor relations information is available through one site and can provide more information than is currently available online. For example, SEDAR contains only mandatory corporate filings, while an issuer’s site may carry a wealth of supplemental information, such as fact sheets, fact books, slides of investor presentations, transcripts of investor relations conferences and webcasts.

Disclosure by the Internet alone will not meet an issuer’s disclosure requirements and an issuer must continue to use traditional means of dissemination.

Electronic communications do not reach all investors. Investors who have access to the Internet will be unaware that new information is available unless the issuer notifies them of an update.

Applicable Disclosure Standards

Sec. 423.11. Distribution of information via a web site, e-mail or otherwise via the Internet is subject to the same laws as traditional forms of dissemination such as news releases. In establishing electronic communications, an issuer should have special regard to disclosure requirements under all applicable securities laws. Issuers should refer to TSX Timely Disclosure Policy, National Policy No. 51-201, Disclosure Standards, National Policy 11-201, Delivery of Documents by Electronic Means, and National Policy 47-201, Trading Securities Using the Internet and Other Electronic Means. Issuers should be aware of disclosure requirements in all jurisdictions in which they are reporting issuers. Also, there are constant developments regarding electronic disclosure of material information by issuers and issuers must be aware of the impact of all such developments on their disclosure practices.

These standards apply to all corporate disclosure through electronic communications and must be followed by each issuer.

TSX Company Manual

1. Electronic communications cannot be misleading — An issuer must ensure that material information posted on its web site is not misleading. Material information is misleading if it is incomplete, incorrect or omits a fact so as to make another statement misleading. Information may also be misleading if it is out of date.

(a) Duty to correct and update — A web site should be a complete repository of current and accurate investor relations information. Viewers visiting a web site expect that they are viewing all the relevant information about an issuer and that the information provided to them by the issuer is accurate in all material respects. An issuer has the duty to include on its web site all material information and to correct any material information available on its web site that is misleading. It is not sufficient that the information has been corrected or updated elsewhere.

It is possible for information to become inaccurate over time. An issuer must regularly review and update or correct the information on the site.

(b) Incomplete information or material omissions — Providing incomplete information or omitting a material fact is also misleading. An issuer must include all material disclosed information. It must include all news releases, not just favourable ones. Similarly, documents should be posted in their entirety. If this is impractical for a particular document, such as a technical report with graphs, charts or maps, issuers must be taken to ensure that an excerpt is not misleading when read on its own. In such circumstances, it may be sufficient to post the executive summary.

(c) Information must be presented in a consistent manner — Investor relations information that is disclosed electronically should be presented in the same manner online as it is offline. Important information should be displayed with the same prominence and a single document should not be divided into shorter, linked documents that could obscure or “bury” unfavourable information. While issuers may divide a lengthy document into sections for ease of access and downloading, issuers must ensure that the full document appears on the site, that each segment is easily accessible and that the division of the document has not altered the import of the document or any information contained in it.

2. Electronic communications cannot be used to “tip” or leak material information — An issuer’s internal employee trading and confidentiality policies should cover the use of electronic forms of communication. Employees must not use the Internet to tip or discuss in any form undisclosed material information about the issuer.
An issuer must not post a material news release on a web site or distribute it by e-mail or otherwise on the Internet before it has been disseminated on a news wire service in accordance with TSX Timely Disclosure Policy.

3. Electronic communications must comply with securities laws — An issuer should have special regard to securities laws and, in particular, registration and filing requirements, which may be triggered if it posts any document offering securities to the general public on its web site. If a listed issuer is considering a distribution of securities, it should carefully review its web site in consultation with the issuer’s legal counsel in advance of and during the offering. The Internet is increasingly becoming an important tool to communicate information about public offerings to shareholders and investors. Nevertheless, the release of information and promotional materials relating to a public offering before or during the offering is subject to restrictions under securities laws. Documents related to a distribution of securities should only be posted on a web site if they are filed with and receipted by the appropriate securities regulators in the applicable jurisdictions. All promotional materials related to a distribution of securities should be reviewed with the issuer’s legal advisors before they are posted on a web site to ensure that such materials are consistent with the disclosure made in the offering documents and that the posting of such materials to a web site is permitted under applicable securities laws.

Anyone, anywhere in the world can access a web site. Special regard should be made to foreign securities laws, some of which may be stricter than Ontario laws. Foreign securities regulators may take the view that posting offering documents on a web site that can be accessed by someone in their jurisdiction constitutes an offering in that jurisdiction unless appropriate disclaimers are included on the document or other measures are taken to restrict access. Reference should be made to the guidelines issued by other jurisdictions such as those issued by the U.S. Securities and Exchange Commission for issuers who use Internet web sites to solicit offshore securities transactions and clients without registering the securities in the United States.

Electronic Communications Guidelines

Sec. 423.12. TSX recommends that listed issuers follow these guidelines when designing a web site, establishing an internal e-mail policy or disseminating information over the Internet.

Unlike the disclosure rules which are applicable to all electronic communications, these guidelines are not hard and fast rules which must be followed. Aspects of these guidelines may not be appropriate for every issuer. An issuer should tailor these guidelines to create an internal policy that is suitable to its particular needs and resources.

Each listed issuer should establish a clear written policy on electronic communications as part of its existing policies governing corporate disclosure, confidentiality and employee trading. Please refer to TSX Timely Disclosure Policy.

TSX suggests that the policy describe how its electronic communications are to be structured, supervised and maintained. The policy should be reviewed regularly and updated as necessary. To ensure that the policy is followed, it should be communicated to all individuals of the issuer to whom it will apply.

1. Who should monitor electronic communications? — TSX recommends that one or more of the officers appointed under the issuer’s disclosure policy be made responsible for maintaining, updating and implementing the issuer’s policies on electronic communications. Reference should be made to TSX Timely Disclosure Policy. These officers should ensure that all investor relations information made available by the issuer on the web site, broadcast via e-mail or otherwise on the Internet complies with applicable securities laws and internal policies. This responsibility includes ensuring the issuer web site is properly reviewed and updated.

2. What should be on the Web site?
(a) All corporate “timely disclosure” documents and other investor relations information — TSX recommends that issuers take advantage of Internet technologies and make available through an issuer web site all corporate “timely disclosure” documents and other investor relations information that it deems appropriate. As stated, however, the posting of such documents and information on the web site does not fulfill the issuer’s obligation to disseminate such information through a timely news release.

An issuer may either post its own investor relations information or establish links, frequently called “hyper-links”, to other web sites that also maintain publicly disclosed documents on behalf of the issuer such as news wire services, SEDAR and stock quote services. “Investor relations information” includes all material public documents such as: the annual report, annual and interim financial statements, the Annual Information Form, news releases, material change reports, declarations of dividends, redemption notices, management proxy circulars, and any other communications to shareholders.

TSX recommends that an issuer post its investor relations information, particularly its news releases, as soon as possible following dissemination. Documents that an issuer files
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15—2-04  on SEDAR should be posted concurrently on its web site, as suggested in National Policy 51-201, Disclosure Standards or the issuer could create a hyper-link to the SEDAR web site. If an issuer chooses to link to SEDAR or to a news wire web site, a link can be provided directly to the issuer’s page on that site, provided that the terms and conditions of the site to which the link is provided do not place restrictions on “deep-linking” as this practice is sometimes referred to, or object to “framing”. An issuer providing deep-linking from its web site to a third party web site should consult its legal advisors to assess the legal issues surrounding deep-linking and to ensure the proposed link is effected properly. The practice of deep-linking has given rise to a number of legal issues, including whether permission from the third party must be sought in order to access a web site other than through the homepage and whether the issuer may incur liability in sending a user to a third party site bypassing any disclaimers posted on the homepage of the third party site.

Links to other web sites should be checked regularly to ensure they still work, are up-to-date and accurate. In addition, a disclaimer should be included on the issuer’s web site, preferably via a pop-up window, clearly stating that the viewer is leaving the issuer web site and that the issuer is not responsible for the content, accuracy or timeliness of the other site.

(b) All supplemental information provided to analysts and other market observers but not otherwise distributed publicly — TSX recommends that an investor relations information to analysts and institutional clients make such supplemental information available to all investors. Supplemental information includes such materials as fact sheets, fact books, slides of investor presentations and transcripts of management investor relations speeches and other materials distributed at investor presentations. Posting supplemental information on a web site is a very useful means of making it generally available.

Keeping in mind that an issuer should design its web site to meet its business needs, TSX recommends that an issuer post all supplemental information on its web site, unless the volume or format makes it impractical. If this is the case, the issuer should describe the information on the web site and provide a contact for the information so that an investor may contact the issuer directly either to obtain a copy of the information or to view the information at the issuer’s offices.

In addition to any supplemental information provided by the issuer to analysts, TSX recommends that whenever an issuer is making a planned disclosure of material corporate information in compliance with TSX Timely Disclosure Policy and related guidelines, it should also consider providing dual-list and/or web replay or make transcripts of the related conference call available for a reasonable period of time after the call.

(c) Investor relations contact information — TSX suggests that an issuer provide an e-mail link on its web site for investors to communicate directly with an investor relations representative of the issuer. The issuer policy should specify who may respond to investor inquiries and should provide guidance as to the type of information that may be transmitted electronically. When distributing information electronically the issuer must adhere to TSX and legislative disclosure requirements in order to minimize the potential of selective disclosure of information.

To assure rapid distribution of material information to Internet users who follow the issuer, an issuer may consider establishing an e-mail distribution list, permitting users who access its web site to subscribe to receive electronic delivery of news directly from the issuer. Alternatively, an issuer may consider using software that notifies subscribers automatically when the issuer’s web site is updated. The issuer must note, however, that any electronic distribution of material information must be made after the information has been disseminated on a news wire service.

(d) Online conferences — TSX recommends that issuers hold analyst conference calls and industry conferences in a manner that enables any interested party to listen either by telephone and/or through a web cast, in accordance with s. 6.7(1) of National Policy No. 51-201, Disclosure Standards.

If an issuer chooses to participate in an online news or investor conference, TSX suggests that participation by the issuer in such online conferences should be governed by the same policy that the issuer has established in respect of its participation in other conferences such as analyst conference calls.

3. What should not be distributed via electronic communications

1 Displaying the content or page(s) of a third party web site within the overall design of an issuer’s web site, which gives the impression that the third party content is part of the issuer’s site.
(a) Employee misuse of electronic communications — Access to e-mail and the Internet can be valuable tools for employees to perform their jobs; however, TSX recommends that clear guidelines should be established as to how employees may use these new media. These guidelines should be incorporated into the issuer’s disclosure, confidentiality and employee trading policy. Employees should be reminded that their corporate e-mail address is an issuer address and that all correspondence received and sent via e-mail is to be considered corporate correspondence.

Appropriate guidelines should be established about the type of information that may be circulated by e-mail. An issuer should prohibit its employees from participating in Internet chat rooms or newsgroups in discussions relating to the issuer or its securities. As stated in s. 6.13 of National Policy 51-201, Disclosure Standards, an issuer should also consider requiring employees to report to a designated issuer official any discussion pertaining to the issuer which they find on the Internet. Moreover, communications over the Internet via e-mail may not be secure unless the issuer has appropriate encryption technology. Employees should be warned of the danger of transmitting confidential information externally via unencrypted e-mail.

(b) Analyst reports and third party information — As a general practice, TSX recommends that an issuer not post any investor relations information on its web site that is authored by a third party, unless the information was prepared on behalf of the issuer, or is general in nature and not specific to the issuer. For example, if an issuer posts an analyst report or consensus report on its web site, it may be seen to be endorsing the views and conclusions of the report. By posting such information on its site, an issuer may become “entangled” with the report and be legally responsible for the content even though it did not author it. This could also give rise to an obligation to correct the report if the issuer becomes aware that the content is or has become misleading (for example, if the earnings projection is too optimistic).

While TSX recommends that issuers refrain from posting analyst and consensus reports on their web sites, it recognizes that some issuers take a different view. If an issuer chooses to post any third party reports on its web site, TSX recommends that extreme caution be exercised. An issuer’s policy on posting analyst reports should address the following concerns:

- permission to reprint a report should be obtained in advance from the third party, since reports are subject to copyright protection;
- the information should clearly be identified as representing the views of the third party and not necessarily those of the issuer;
- the entire report should be reproduced so that it is not misleading;
- any updates, including changes in recommendations, should also be posted so that the issuer’s web site will not contain out-of-date and possibly misleading information;
- all third party reports should be posted.

Instead of posting third party reports on its web site, an alternative approach is for an issuer to provide a list of all analysts who follow the issuer or all consensus reports issued regarding the issuer together with contact information so that investors may contact the third party directly. If an issuer chooses to provide its investors with a list of analysts and other third party authors, the list should be complete and include all analysts and other third party authors that the issuer knows to follow it, regardless of the content of their reports. Since issuers are not obligated to keep track of every third party that follows them or develops a consensus report regarding the issuer, it may be onerous to compile an accurate and complete list that is not misleading to investors.

Concerns also exist regarding the posting of media articles, including radio, television and online news reports, about an issuer on the issuer’s web site. TSX recommends that issuers refrain from posting media articles on their web sites as it is very difficult for an issuer to ensure that it is posting all relevant articles to its web site. If an issuer chooses to do so, it must make every effort to ensure that all significant articles concerning the issuer are posted to the web site and that negative and positive articles are given similar prominence. Also, given the frequency with which media articles may appear, the issuer will have to regularly update the articles posted on its web site.

(c) Third party links — As stated above, an issuer may establish hyperlinks between its web site and third party sites. If an issuer creates a hyperlink to a third party site, there is a risk that a viewer will not realize that he or she has left the issuer’s web site. TSX recommends that the issuer include a disclaimer stating clearly that the viewer is leaving the issuer web site.

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2 A chat room is a live electronic forum for discussion among Internet participants.
3 A newsgroup is an electronic bulletin board on which Internet participants may post information.
The blurred line between investor and promotional information — TSX recommends that an issuer clearly identify and separate its investor information from other information on its website. In particular, promotional, sales and marketing information should not be included on the same web pages as investor relations information. An issuer’s website should clearly distinguish sections containing investor relations information from sections containing other information.

4. When should information be removed from a website? — Care should be taken to make sure that information that is inaccurate or out-of-date no longer appears on the website. The currency of information on a website will vary depending on the nature of the information. An issuer may retain on its website its annual financial statements for a full year while removing other information such as frequent product releases more quickly. An issuer should review the types of information it posts on its website and develop a consistent policy for the posting and removal of such different types of information. Issuers may delete or remove inaccurate information from the website, as long as a correction has been posted. In addition, TSX recommends that issuers establish an archiving system to store and provide access to information that is no longer current. An electronic archive is a repository of information which has been removed from the website but which can still be accessed from the website through a link. To assist investors in determining the currency of the information on the website, TSX recommends that an issuer date the first page of each document as it is posted on the website.

TSX recommends that the issuer’s policy establish a minimum retention period for material corporate information that it posts on its website. Different types of information may be retained for a different period of time. For example, the issuer may decide to retain all news releases on the site for a period of one year from the date of issue. In contrast, the issuer may decide that investors would want to access its financials for a longer period (e.g., two years for quarterly and five years for annuals).

Issuers should also maintain a log of the date and content of all material information that it has posted and removed from the website. Issuers should also try to ensure that the information posted on their website is made available in a manner that makes it accessible by others so that it can be used for subsequent reference and is capable of being retained (e.g., printer friendly versions and save/download buttons).

5. Rumours on the Internet — Rumours about the issuer may appear on chat rooms and newsgroups. Rumours may spread more quickly and more widely on the Internet than by other media. RS Market Surveillance monitors chat rooms and newsgroups on the Internet to identify rumours about TSX-listed issuers that may influence the trading activity of their stocks. TSX’ Timely Disclosure Policy addresses how an issuer should respond to rumours. An issuer is not expected to monitor chat rooms or newsgroups for rumours about its securities. Nevertheless, TSX recommends that the issuer’s standard policy for addressing rumours apply to those on the Internet.

Whether an issuer should respond to a rumour depends on the circumstances. TSX suggests that the issuer consider the market impact of the rumour and the degree of accuracy and significance to the issuer. In general, TSX recommends against an issuer participating on a chat room or newsgroup to dispel or clarify a rumour as such action may give rise to selective disclosure concerns and may create the expectation that the issuer will always respond. Instead, the issuer should issue a news release to ensure widespread dissemination of its statement.

If an issuer becomes aware of a rumour on a chat room, newsgroup or any other source that may have a material impact on the price of its stock, it should immediately contact Market Surveillance. If the information is false and is materially influencing the trading activity of the issuer’s securities, it may consider issuing a clarifying news release. The issuer should contact Market Surveillance so that they can monitor trading in its securities. If Market Surveillance determines that trading is being affected by the rumour, it may require the issuer to issue a news release stating that there are no corporate developments to explain the market activity.

6. Legal disclaimers — Corporate disclosure by electronic communications gives rise to many legal issues. The use of legal disclaimers on corporate websites is commonplace. It is in the best interests of an issuer to consult with its legal advisors to discuss the appropriateness and effectiveness of including legal disclaimers about the accuracy, timeliness and completeness of the information posted on its website. Issuers should also review with their legal advisors the placement and wording of legal disclaimers on websites. It is critical that disclaimers be easily visible to all users of the website and that they be written in plain language such that the content of the disclaimer is easily and quickly read and understood.

Maintaining Site Integrity

Sec. 423.13. Electronic communications on the Internet are not always secure. TSX recommends that an issuer establish procedures to assure maximum security of its website and e-mail. As
electronic technologies evolve, security measures also evolve. To ensure the security of its electronic communications, TSX suggests that an issuer:

- review and update its security systems regularly;
- be aware that it might be possible for unauthorized persons to alter the content of the site;
- monitor the integrity of its web site address to make sure that the site is accessible and has not been altered.

TSX Monitoring of the Internet

Sec. 423.14. TSX regularly monitors listed issuer web sites as well as chat rooms and news groups on the Internet. TSX has the capability to review alterations to listed issuer web sites and to perform random searches of the Internet to identify active discussions relating to listed issuers. However, such monitoring can never be exhaustive. Issuers are responsible for maintaining their web site and should continue to make Market Surveillance aware of significant rumours or problems relating to Internet discussions.

C. COMPANY REPORTING FORMS

Sec. 424. On June 1, 2001, the Exchange discontinued its requirements for listed companies to complete and file an Annual Questionnaire. The Annual Questionnaire has been replaced by the following forms (collectively the "Company Reporting Forms"):

- FORM 1 — Change in Outstanding and Reserved Securities
- FORM 2 — Change in General Company Information
- FORM 3 — Change in Officers/ Directors/Trustees
- FORM 4 — Personal Information Form
- FORM 5 — Dividend/Distribution Declaration
- FORM 6 — Distribution of Securities (Public Float)
- FORM 7 — Mining Company/Oil & Gas Company Report
- FORM 8 — Change in Investor Relations Contact
- FORM 9 — Request for Extension or Exemption for Financial Reporting/Annual Meeting
- FORM 10 — Change in Principal Business

See Appendix H: Company Reporting Forms for filing instructions and the forms.

Sec. 425. All listed companies are required to file a Form 6 in accordance with the filing instructions within 10 days following the mailing or filing of its material sent to its shareholders in connection with its annual meeting or the mailing or filing of its annual financial statements. Listed companies engaged in the business of mineral exploration, development or production, or in the business of oil and/or gas exploration, development or production are required to file a Form 7 in accordance with the filing instructions within 140 days of the company’s fiscal year end. All other Company Reporting Forms must be filed within the prescribed time periods in accordance with the filing instructions attached thereto.

The next section is Section 428.

D. DIVIDENDS AND OTHER DISTRIBUTIONS TO SECURITY HOLDERS

Notice to the Exchange

Sec. 428. All companies declaring a dividend or distributing to security holders must promptly notify the Exchange's Advisory Affairs Division of the particulars. Companies must complete and file a Form 5 — Dividend/Distribution Declaration (Appendix H: Company Reporting Forms) with the Exchange. For the purposes of Exchange requirements, "dividends" also includes distributions to holders of listed securities other than shares, such as units.

The Exchange must have sufficient time to inform its Participating Organizations and the financial community of the details of each dividend declared. There must be a clear understanding in the marketplace as to who is entitled to receive the dividend declared. Due to practical considerations, such as long holidays and weekends, the Exchange requires that at least seven trading days' notice be given to the Exchange in advance of the dividend record date, the record date being the date of closing of the transfer books of the company. Companies with tentative dividend plans should schedule their board meetings well in advance of the proposed record date.

Ex-Dividend Trading

Sec. 429. Determining whether the seller or the buyer is entitled to the dividend is accomplished through the procedure known as ex-dividend trading. On shares selling ex-dividend the seller retains the right to a pending dividend payment, and the opening bid quotation is usually reduced by the value of the dividend payable.

Since three trading days are allowed for the completion of the registration of a securities transac-
tion, it is necessary that the shares commence trading on an ex-dividend basis at the opening of trading on the date which is two trading days prior to the record date for the dividend. For example, if the record date for a dividend is Friday, the shares will commence trading on an ex-dividend basis on the preceding Wednesday (in the absence of statutory holidays). If the record date is Monday, the shares will commence trading on an ex-dividend basis on Thursday of the previous week (in the absence of statutory holidays).

Late Notification

Sec. 430. Failure of a company to give notice of a declared dividend at least seven trading days prior to the record date creates the possibility of unnecessary confusion at the last moment. Serious \textit{bona fide} disputes may arise over who is entitled to the payment of the dividend, the market price of the stock may not reflect the amount of the dividend declared, and there may be delay and confusion in connection with the registration of new shareholders.

Obviously, such disputes and confusion interfere with the Exchange's main goal of providing an orderly market for listed securities. The Exchange's policy regarding a company which fails to follow the proper procedure is to hold such company liable for dividend claims made by both buyers and sellers of the shares involved.

Notification Procedure

Sec. 431. The Advisory Affairs Division of the Exchange should be notified of a dividend declaration by telephone immediately following, or even during, the directors' meeting at which the decision to declare the dividend is made. Frequently, the Exchange staff will immediately contact the company following notification in order to verify the authenticity of the announcement. However, as the Exchange's Advisory Affairs Division has an intimate knowledge of the listed companies and their dividend policies, such additional safeguards are not always necessary. All telephone notifications must be confirmed immediately by the filing of a Form S — Dividend Distribution Declaration by fax or e-mail addressed to the Exchange's Advisory Affairs Division.

A press release in lieu of a letter will be satisfactory as confirmation of a dividend if received promptly after the original notification of the dividend is given to the Exchange. However, precautions must be taken to ensure that the copy of the release is addressed to the Advisory Affairs Division.

Dividend Omissions or Deferrals

Sec. 432. Listed companies should notify the Exchange's Advisory Affairs Division immediately after any decision is made to omit or defer a dividend, if the omission or deferral constitutes a departure from the company's previously established dividend policy. This applies to all preferred shares as well as any other shares in respect of which the company has previously advised the Exchange of a dividend policy. Dividend omissions or deferrals may also give rise to timely disclosure obligations (see Sections 406 to 423.3).

Separate Notices to the Exchange

Sec. 433. Separate notices should be filed by use of the applicable Company Reporting Form, in accordance with the corresponding filing instructions, with the Exchange regarding such corporate matters as dividends, notices of shareholders' meetings and quarterly or annual financial reports. Such diverse items often require immediate, or properly timed, action by the staff of the Exchange; therefore, such material, if filed together, should be properly itemized in the covering letter. The above procedure eliminates unforeseen and serious delays and ensures that the Exchange can provide accurate and quick routing of important information.

Dividend Notice to Shareholders

Sec. 434. Every listed company is required to give its shareholders prompt notice of dividend declarations. A timely dividend notice gives shareholders adequate time in which to consider their investment strategies. Press releases, advertisements carried in major newspapers or a shareholder form letter provide adequate notification to shareholders. The notification to shareholders of a dividend declaration should be made simultaneously with the notice to the Exchange. Special consideration should be given to non-resident shareholders who will not be reached by the press coverage.

Stock Dividends

Sec. 435. In addition to the foregoing requirements relating to cash dividends, a listed company proposing a stock dividend is required to apply for the listing of the additional securities. (See Sections 671 to 675.)

In effecting a stock dividend, companies must make some provision for fractional share interests that may result from the dividend. Either cash or
bearer form fractional certificates may be used to settle fractional share interests. The Exchange requires that all the relevant details concerning the settlement of fractional share interests be filed with the Exchange's Advisory Affairs Division.

Transfer Restrictions

Sec. 435.1. Any proposed restriction on the transfer of securities or other property to be distributed by a listed company to holders of its securities on a pro rata basis must receive the prior consent of the Exchange.

Conditional Dividend or Distribution

Sec. 435.2. A listed company must not, without the prior consent of the Exchange, establish a firm record date for a dividend or other pro rata distribution to holders of listed securities if such dividend or distribution is subject to a condition which has not been met.

E. DEBENTURE INTEREST CHANGES

Sec. 435.3. Companies with debentures listed on the Exchange must notify the Exchange's Advisory Affairs Division immediately after any determination is made that the amount of interest to be paid on the debentures will be changed, including a determination to cease or resume payments. This notification to the Exchange is essential to ensure that the information is disseminated in a timely manner to Participating Organizations and others involved in the accrued interest reporting process.

F. FINANCIAL STATEMENTS

Sec. 436. Every listed company must forthwith file with the Exchange's Advisory Affairs Division one copy of any annual or interim financial statements (files through SEDAR) required to be published or filed for inspection by the law of incorporation, applicable securities legislation or the Exchange.

Annual Report and Annual Financial Statements

Sec. 437. Every listed company must forward annually to each of its shareholders within 140 days from the end of its last fiscal year annual financial statements and an annual report containing a record of the company's activities, if any, during the period covered. Alternatively, a listed company may forward to its shareholders its Management Discussion and Analysis prepared in accordance with Ontario Securities Commission Rule 51-501, in lieu of an annual report. If a listed company produces an annual report, it must be filed through SEDAR.

One copy of the annual report and annual financial statements (files through SEDAR) must be filed with the Exchange's Advisory Affairs Division concurrently with the sending of these materials to the shareholders. See also National Policy No. 41 of the Canadian securities commissions which prescribes a procedure for the distribution of shareholders' meeting-related materials, including annual financial statements, to beneficial owners of securities registered in the names of financial intermediaries or clearing agencies.

Sec. 438. The annual financial statements shall relate separately to:
(a) the last completed fiscal year; and
(b) the fiscal year next preceding the last completed fiscal year, if any, and shall include:
(i) an income statement;
(ii) a statement of retained earnings;
(iii) a cash-flow statement; and
(iv) a balance sheet.

Sec. 439. The annual financial statements must be prepared for or as at the end of the period as applicable, in accordance with generally accepted accounting principles.

Sec. 440. The annual financial statements must be accompanied by a report of the auditor thereon and be approved by the board of directors of the company, such approval to be evidenced by the manual or facsimile signatures of two directors duly authorized to signify such approval.

Sec. 441. It is recommended that, where possible, a preliminary report on the results of the full year be released in advance of the annual financial statements, as is already done by some companies. Such a practice is particularly desirable where it appears that the annual financial statements will be released at approximately the same time that the first quarter results for the next fiscal year are released.

Sec. 442. An extension of the time limit for filing or mailing the annual financial statements will be granted only under exceptional circumstances. A company wishing an extension should apply for it in advance to the Exchange's Advisory Affairs Division.
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Interim Financial Statements

Sec. 443. Every listed company must, within 60 days from the end of the period to which the statements relate, file with the Exchange's Advisory Affairs Division one copy of interim financial statements (filed through SEDAR) made up to the end of each of the three-month, six-month and nine-month periods of the current fiscal year that commenced immediately following the last fiscal year, including comparative interim statements to the end of each of the corresponding periods in the last fiscal year, such financial statements to consist of:

(a) an income statement;
(b) a statement of retained earnings;
(c) a cash-flow statement; and
(d) a balance sheet,
prepared in accordance with generally accepted accounting principles.

Sec. 444. The interim financial statements must present financial information for the current fiscal year to the date to which the statements are prepared.

Sec. 445. The interim financial statements must also include an income statement and cash flow statement for the three-month period ended on the date of the balance sheet required in Section 443 and comparative financial information for the corresponding period in the last fiscal year.

Sec. 446. Interim financial statements are not required in respect of the fourth quarter of the company's fiscal year, as that period is covered by the annual financial statements.

Sec. 447. Interim financial statements required by section 77 of the Ontario Securities Act and comply with Rule 51-501 and 52-501 will be acceptable for filing with the Exchange as satisfactory compliance with the Exchange's interim reporting requirement.

Sec. 448. The reporting practices followed by listed companies in making interim financial statements must be consistent. When changes in procedures are made, they should be noted in the statements with clarification as to the effect, if any, they have had upon net earnings.

Sec. 449. Interim financial statements need not be audited.

Sec. 450. Listed companies should be aware of the requirements of applicable securities legislation and policies respecting the dissemination of interim financial information among shareholders. In this connection, section 79 of the Ontario Securities Act and equivalent legislation of other jurisdictions should be read in conjunction with Part IV, sections 8 and 9 of National Policy No. 41 of the Canadian securities commissions. The Exchange allows companies to make their interim statements public instead of sending them to shareholders; but this alternative is only available where it does not conflict with applicable securities legislation and policies. Where no such conflict exists, delivery of the interim statements to the Exchange and to the press will be regarded by the Exchange as adequate distribution.

Sec. 451. The Exchange, in its discretion, may exempt a company or class of companies from any or all of the Exchange's requirements respecting interim financial statements.

Sec. 452. In deciding whether to grant an exemption, the Exchange may take into account, among other things:

(a) whether the company has received an exemption from quarterly reporting under the Ontario Securities Act;
(b) whether the main competitors of the applicant make similar disclosure;
(c) whether the relevant information is already available to the public in some other manner; or
(d) whether there are accounting problems in particular industries making quarterly reports difficult to prepare.

Sec. 453. The Exchange, in granting an exemption, may require the agreement of the company to:

(a) publish quarterly a part of the required financial data;
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(b) publish the required data in a different form;
(c) adopt a particular cycle of reporting;
(d) introduce a quarterly reporting practice within a stipulated period of time, or
(e) publish interim statements reporting certain operating statistics which will serve to indicate the trend of the company's business.

Sec. 454. Companies anticipating a delay, however short, in the publication of their interim financial statements should notify the Exchange's Advisory Affairs Division and the Ontario Securities Commission. The reason for the delay must be valid if an extension is to be allowed.

G. SHAREHOLDERS' MEETINGS AND PROXY SOLICITATION

Notice to Exchange of Meeting and Record Date

Sec. 455. National Policy No. 41 of the Canadian securities commissions requires all listed companies to give notice to the Exchange (and certain others), within a specified time period, of each shareholders' meeting and record date for the determination of those shareholders entitled to receive notice of the meeting. These notices should be directed to the Exchange's Advisory Affairs Division.

Distribution of Meeting Materials

Sec. 456. Every listed company must file with the Exchange's Advisory Affairs Division one copy of all materials sent to its shareholders in connection with a meeting of shareholders (filed through SEDAR), concurrently with the sending of the materials to the shareholders.

Sec. 457. The requirements for the distribution of materials to shareholders in connection with shareholders' meetings are prescribed by applicable corporate and securities legislation and certain policy statements of the Canadian securities commissions. National Policy No. 41 of the Canadian securities commissions prescribes a procedure for the distribution of shareholders' meeting-related materials to beneficial owners of securities registered in the names of financial intermediaries or clearing agencies.

Sec. 458. Companies with listed non-voting participating shares should refer to Sec. 1.08 in Appendix E (at ¶1450-091).

Sec. 459. The Exchange is deeply concerned that the rights and privileges of investors be observed and protected. It is essential that shareholders be allowed ample time in which to study corporate reports, so that by the time of the shareholders' meeting they may be able to reach considered and informed decisions. If there is reason to believe that timely and adequate notice has not been given, the Exchange may require postponement of the meeting. In some circumstances, the Exchange may consider suspending trading in a company's securities if shareholders are not given proper notice of corporate activities in respect of which they have the right to participate in the decision-making process.

Sec. 460. Proxy solicitation procedures are prescribed by applicable corporate and securities legislation. National Policy No. 41 of the Canadian securities commissions requires financial intermediaries and clearing agencies to follow specified procedures to enable the securities registered in their names to be voted in accordance with the instructions of the beneficial owners.

Contents of Meeting Materials

Sec. 461. The contents of the materials sent to shareholders in connection with shareholders' meetings are subject to the requirements of applicable corporate and securities legislation, and such materials are not generally required to be filed with the Exchange before they are sent to the shareholders. However, the Exchange may, in circumstances it considers appropriate, require that a draft information circular be reviewed by the Exchange prior to the mailing of the circular to the shareholders.

Sec. 462. Where a listed company proposes to seek approval of its shareholders to engage in a capital reorganization or to issue securities in connection with a major transaction, it is advisable that a draft copy of the information circular be filed with the Exchange's Advisory Affairs Division for perusal prior to the mailing of the circular to the shareholders. Among other things, this practice could avoid potential problems related to the trading of the securities involved.

Sec. 463. If a proposed transaction is to be submitted to shareholders for approval and also requires the prior acceptance of the Exchange pursuant to Exchange requirements, the acceptance of
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the Exchange should be obtained prior to the mailing of the meeting materials to the shareholders. If this is impracticable due to unavoidable time restrictions, the Exchange should be so advised in advance of the proposed mailing, and the information circular sent to shareholders must include a statement that the proposed transaction is subject to the acceptance of the Exchange (or regulatory approval).

Annual Meeting

Sec. 464. Every company having securities listed on the Exchange must hold its annual meeting of shareholders within six months from the end of its fiscal year, or at such earlier time as is required by applicable legislation.

Sec. 465. Where a company wishes to delay its annual meeting beyond the stipulated six-month period, a duly completed Form 9 — Request for Extension or Exemption for Financial Reporting/Annual Meeting (Appendix H: Company Reporting Forms) must be filed with the Exchange’s Advisory Affairs Division well in advance of the prescribed deadline for the meeting. A postponement may be permitted in justifiable circumstances.

H. NOTICES AND REPORTS TO SECURITY HOLDERS

Sec. 466. Every listed company that sends a notice, report or other written correspondence to its holders of listed securities must concurrently file one copy (filed through SEDAR) of the correspondence with the Advisory Affairs Division of the Exchange.

I. CHARTER AMENDMENTS

Sec. 467. Every listed company must file with the Exchange’s Advisory Affairs Division one notarized or certified copy of any certificate giving effect to an amendment to the company’s charter immediately upon issuance of such a certificate. Certain types of charter amendments must be pre-cleared with the Exchange pursuant to requirements set out in Part VI of this Manual.

J. CHANGE IN SHARE CERTIFICATE

Sec. 468. Immediately after any change is made to a certificate representing listed securities, a definitive specimen of the new certificates must be filed with the Exchange’s Advisory Affairs Division. The new certificates must comply with all of the Exchange’s requirements respecting share certificates, as set out in Appendix D (at ¶1450-077).

K. PROPOSED ISSUANCE OF SECURITIES

Sec. 469. Listed companies proposing to issue securities (other than debt securities which are not convertible into equity securities), or to enter into transactions which could involve the issuance of such securities in future, should refer to Part VI of this Manual.

I. SECONDARY DISTRIBUTIONS

Sales from Control Blocks Through the Facilities of the Exchange

Sec. 470. The definition of “distribution” in the Ontario Securities Act includes:

“a trade in previously issued securities of an issuer from the holdings of any person, company or combination of persons or companies holding a sufficient number of any securities of that issuer to affect materially the control of that issuer, but any holding of any person, company or combination of persons or companies holding more than 20 per cent of the outstanding voting securities of an issuer shall, in the absence of evidence to the contrary, be deemed to affect materially the control of that issuer” (section 1(1)).

Distributions of this type through the facilities of the Exchange are subject to special requirements of securities legislation and of the Exchange. The Exchange’s requirements are set out in Appendix D (at ¶1450-086).

Off-the-Exchange Secondary Distributions

Sec. 471. Secondary distributions of listed securities must take place on the Exchange if a Participating Organization of the Exchange participates in the distribution as principal or agent, unless certain requirements are met. The Exchange’s Advisory Affairs Division should be contacted in connection with any proposed off-the-Exchange secondary distribution.

M. CORPORATE GOVERNANCE

Introduction

Sec. 472. The Exchange’s guidelines for effective corporate governance are drawn from the report entitled “Where Were the Directors?” that was issued in December 1994 by the Toronto Stock Exchange Committee on Corporate Governance in
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Canada. The Exchange subsequently adopted the disclosure requirement set out in Section 473, below, which has been in place since 1995.

Disclosure Requirement

\[\#1400-773\]

Sec. 473. Every listed company incorporated in Canada or a province of Canada must disclose on an annual basis its approach to corporate governance. This disclosure — a "Statement of Corporate Governance Practices" — must be made in the company’s annual report or information circular. For this purpose, "approach to corporate governance" means a complete description of the company’s system of corporate governance with specific reference to each of the guidelines set out in Section 474 and, where the company’s system is different from any of those guidelines or where the guidelines do not apply to the company’s system, an explanation of the differences or their inapplicability.

The Exchange expects that the company’s Statement of Corporate Governance Practices will provide investors with a clear picture of the company’s approach to corporate governance including any divergence from the stated guidelines.

Guidelines

\[\#1400-774\]

Sec. 474. The following are the guidelines for effective corporate governance:

1. The board of directors of every corporation should explicitly assume responsibility for the stewardship of the corporation and, as part of the overall stewardship responsibility, should assume responsibility for the following matters:
   (a) adoption of a strategic planning process;
   (b) the identification of the principal risks of the corporation’s business and ensuring the implementation of appropriate systems to manage these risks;
   (c) succession planning, including appointing, training and monitoring senior management;
   (d) a communications policy for the corporation; and
   (e) the integrity of the corporation’s internal control and management information systems.

2. The board of directors of every corporation should be constituted with a majority of individuals who qualify as unrelated directors. An unrelated director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding. A related director is a director who is not an unrelated director. If the corporation has a significant shareholder, in addition to a majority of unrelated directors, the board should include a number of directors who do not have interests in or relationships with either the corporation or the significant shareholder and which fairly reflects the investment in the corporation by shareholders other than the significant shareholder. A significant shareholder is a shareholder with the ability to exercise a majority of the votes for the election of the board of directors.

3. The application of the definition of "unrelated director" to the circumstances of each individual director should be the responsibility of the board which will be required to disclose on an annual basis whether the board has a majority of unrelated directors or, in the case of a corporation with a significant shareholder, whether the board is constituted with the appropriate number of directors which are not related to either the corporation or the significant shareholder. Management directors are related directors. The board will also be required to disclose on an annual basis the analysis of the application of the principles supporting this conclusion.

4. The board of directors of every corporation should appoint a committee of directors composed exclusively of outside, i.e., non-management, directors, a majority of whom are unrelated directors, although with the responsibility for proposing to the full board new nominees to the board and for assessing directors on an ongoing basis.

5. Every board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.

6. Every corporation, as an integral element of the process for appointing new directors, should provide an orientation and education program for new recruits to the board.

7. Every board of directors should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision-making.

8. The board of directors should review the adequacy and form of the compensation of directors and ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director.

9. Committees of the board of directors should generally be composed of outside directors, a majority of whom are unrelated directors, although
some board committees, such as the executive committee, may include one or more inside directors.

(10) Every board of directors should expressly assume responsibility for, or assign to a committee of directors the general responsibility for, developing the corporation's approach to governance issues. This committee would, amongst other things, be responsible for the corporation's response to these governance guidelines.

(11) The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, involving the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives which the CEO is responsible for meeting.

(12) Every board of directors should have in place appropriate structures and procedures to ensure that the board can function independently of management. An appropriate structure would be to (i) appoint a chair of the board who is not a member of management with responsibility to ensure the board discharges its responsibilities or (ii) adopt alternate means such as assigning this responsibility to a committee of the board or to a director, sometimes referred to as the "lead director". Appropriate procedures may involve the board meeting on a regular basis without management present or may involve expressly assigning the responsibility for administering the board's relationship to management to a committee of the board.

(13) The audit committee of every board of directors should be composed only of outside directors. The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.

(14) The board of directors should implement a system which enables an individual director to engage an outside adviser at the expense of the corporation in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.

Complete Disclosure

Sec. 475. The disclosure regarding a company's system of corporate governance relative to each of the guidelines set out in Section 474 should be complete. While the disclosure regarding each guideline may be relatively brief it should address at least the following points:

- mandate of the board, which should set forth duties and objectives;
- the composition of the board, whether the board has a majority of unrelated directors and the basis for this analysis; if the company has a significant shareholder, whether the company satisfies the requirement for fairly reflecting the investment of minority shareholders in the corporation and the basis for this analysis;
- if the board does not have a chair separate from management, the structures and processes which are in place to facilitate the functioning of the board independently of management;
- description of the board committees, their mandates and their activities;
- description of decisions requiring prior approval by the board;
- procedures in place for recruiting new directors and other performance-enhancing measures, such as assessment of board performance;
- measures for receiving shareholder feedback and measures for dealing with shareholder concerns; and
- the board's expectations of management.
PART V

JUNIOR LISTED COMPANIES — SPECIAL REQUIREMENTS FOR NON-EXEMPT COMPANIES

A. NON-EXEMPT COMPANIES

[¶1400-901]

Sec. 501. This part is applicable only to “non-exempt companies”. A non-exempt company is a listed company which is subject to Section 502. Non-exempt companies are designated in stock quotations in the financial press as “subject to special reporting rules”.

[¶1400-907]

Sec. 502. (a) Every company whose securities are listed on the Exchange shall give prompt notice to the Exchange of each proposed material change in the business or affairs of the company. The Exchange shall have the right to either accept or not accept the notice for filing and in case of such non-acceptance the proposal shall not be proceeded with, otherwise the securities of the company may be suspended from trading or delisted. If the notice is accepted for filing, the Exchange shall give prompt notice thereof to each Participating Organization of the Exchange and may give notice thereof to the press.

(b) Without in any way limiting the generality of the foregoing, the following shall be considered material changes in the business or affairs of a company:

(i) A change in the nature of the business of the company;

(ii) A change in the board of directors or the principal officers of the company;

(iii) A change in the beneficial or registered ownership of shares of the company which, to the knowledge of the company, or its officers, directors or major shareholders, or in the opinion of the Exchange, is sufficient to materially affect control;

(iv) The acquisition or disposition by the company, in one transaction or in a series of similar transactions, of any mining or oil property or interest, or of securities in another company, payable otherwise than in securities of the company;

(v) The entering into by the company of any management contract.

(c) The above provisions shall not apply to a company which is exempted from the provisions of this Section by the Exchange.

Sec. 506 ¶1400-911

Sec. 503. The decision as to whether a company will be non-exempt is made by the Exchange at the time the company is originally approved for listing. Reference should be made to Section 309.1 (Industrial companies), 314.1 (Mining companies) or 319.1 (Oil and Gas companies) of this Manual, which outline the requirements for eligibility for exemption from Section 502. If these requirements are not met at the time of original listing, the exemption may be granted at such later time as they are met. The Exchange may also revoke a previously granted exemption in appropriate circumstances.

Sec. 505. The requirements of Section 502 are in addition to the timely disclosure obligations of listed companies, as set out in Sections 406 to 423.4 of this Manual, to the provisions of Section 601 and all the other requirements set out in Part VI of this Manual, and to all applicable corporate and securities legislation.

Sec. 506. The notice required by Section 502 should initially take the form of a letter addressed to the Exchange’s Advisory Affairs Division, requesting acceptance of the notice for filing. If applicable the notice should include the appropriate Company Reporting Form (Appendix H: Company Reporting Forms). (A press release or information circular filed with the Exchange does not constitute notice under Section 502) The letter should contain the essential particulars of the proposed transaction, and should state whether the transaction has been negotiated at arm’s length. If any director or officer of the listed company, or any beneficial owner of more than 10% of the voting securities of the listed company, has a beneficial interest, directly or indirectly, in the proposed transaction, this information should be included in the letter. The Exchange will regard such a transaction as not having been negotiated at arm’s length.
Part V — Junior Listed Companies

Section 507. If the proposed change entails an issuance, or potential issuance, of securities, the Section 502 and 601 notices should be combined in a single letter. (See Part VI of this Manual.)

Section 508. The Exchange normally considers notices on Wednesday of the week following the week of receipt of the notice. Further information or documentation may be requested before the Exchange makes its decision.

Material Changes

Section 509. For the purposes of Section 502, “material changes” in the business or affairs of a company include, but are not limited to, the following:

(a) a change in the nature of the business of the company;
(b) a change in the directors or officers;
(c) a change in the beneficial or registered ownership of securities of the company which, to the knowledge of the company or its officers, directors or major shareholders, or in the opinion of the Exchange, is sufficient to materially affect control of the company;
(d) an acquisition or disposition by the company of any property or interest from or to a person who is not at arm’s length to the company;
(e) an acquisition or disposition by the company of any property or interest to or from a person who is at arm’s length to the company, if the proposed transaction would reasonably be expected to have a significant effect on the market price or value of the company’s securities;
(f) an acquisition or disposition of securities of another company;
(g) the entering into by the company of any management contract;
(h) an amalgamation or a merger with another company; and
(i) a capital reorganization.

Section 510. If a non-exempt company is uncertain as to whether a proposed change should be the subject of a Section 502 notice, the Exchange’s Advisory Affairs Division should be contacted for guidance.

Amendments to Terms of Transaction

Section 511. Any amendment to the terms of a transaction previously accepted by the Exchange under Section 502 requires the prior consent of the Exchange. This applies even if the original transaction specifically provided for the possibility of amendments, unless the amendment is solely due to standard anti-dilution provisions in the original agreement.

B. ACQUISITIONS AND DISPOSITIONS

Arm’s Length Transactions

Section 512. Proposed arm’s length acquisitions and dispositions will be considered by the Exchange on their own merits, taking into account the size and nature of the proposed transaction. The company’s initial letter notice should clearly set out the method used by the company to arrive at the consideration to be paid or received by the company. Depending on the circumstances, additional documentation such as an engineer’s report, financial statements or an independent valuation may be required to assist the Exchange in the review process.

Non-Arm’s Length Transactions

Section 513. A company proposing to enter into a property transaction with a person who, in the opinion of the Exchange, is not at arm’s length to the company, will normally be required to provide independently prepared documentation, such as an engineer’s report, in support of the Section 502 application.

Section 514. Where a company proposes to acquire a property or other asset from a director, officer, major shareholder or any other person who, in the opinion of the Exchange, is not at arm’s length to the company, the cash component of the purchase price must not exceed the price the vendor originally paid to acquire the assets, and cash must be the sole consideration if the vendor has not owned the assets for at least one year. If the vendor has held the assets for at least one year, the Exchange may permit the consideration to include securities of the company, provided that such securities are fully escrowed upon terms satisfactory to the Exchange. In both cases, the transaction must be approved by the company’s shareholders at a meeting prior to completion of the transaction. The Exchange may exempt a transaction from any or all of the requirements of this Section if the
Exchange is provided with independently prepared documentation establishing that the assets proposed to be acquired have proven value (proven reserves in the case of a natural resource property) which justifies the consideration the company proposes to pay.

C. FUNDS FROM FINANCING

Sec. 515. Where a company proposes to raise funds through the issuance of securities, the Section 502 and 601 letter notice must specify the proposed use of proceeds. This information will be taken into account by the Exchange in considering whether to consent to the proposed financing. If all or part of the funds are not earmarked for specific properties or expenditures, any significant expenditure of funds not so earmarked will require the prior consent of the Exchange pursuant to Section 502.

D. CHANGE IN MANAGEMENT OR CONTROL

Sec. 516. Companies are required to file a Form 10 — Change in Officers/Directors/Trustees (Appendix H: Company Reporting Forms) if new officers, directors or trustees are proposed. Proposed new directors, officers or major shareholders of a company shall file with the Exchange completed Personal Information Forms (Appendix A at ¶1450-005).

E. ADMINISTRATIVE EXPENSES

Sec. 517. The Exchange may review a company’s records relating to administrative expenditures, including salaries, wages, directors’ fees, management fees and agents’ commissions, for the purpose of ensuring that such expenditures are not excessive, having regard to standard industry practice. Any action the Exchange may take in this regard would depend on the particular circumstances.

F. PUBLIC AVAILABILITY OF DOCUMENTS

Sec. 518. Subject to Section 519, all notices accepted as filed with the Exchange pursuant to Section 502 and all documents filed in support of such notices shall be made available to the public on request and may be published, at the discretion of the Exchange.

Sec. 519. The Exchange may hold the documents in confidence so long as the Exchange is of the opinion that the documents so held disclose intimate financial, personal or other information and that the desirability of avoiding disclosure thereof in the interests of any person or company outweighs the desirability of adhering to the general principle that the documents be available to the public for inspection.

G. ACCEPTANCE OF NOTICE

Sec. 520. Decisions in respect of the application of this Part V are made by the Toronto Stock Exchange’s Advisory Affairs Committee, which is comprised of members of Advisory Affairs. If the Committee does not accept a notice submitted under Part V, the issuer may request that the matter be heard by the Advisory Affairs Committee, with the additional participation of the Senior Vice President of the Toronto Stock Exchange and/or his/her designate. If after being heard, the issuer remains dissatisfied with the decision, the issuer may appeal the decision to a three-person panel of the Toronto Stock Exchange’s Board of Directors.

An issuer may request that the Ontario Securities Commission review the Board’s decision provided that the provisions of Section 21 of the Ontario Securities Act (or any replacement legislation) apply.

Sec. 520.1. Where a Conflict of Interest (as defined in the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.) or potential Conflict of Interest arises relating to the continued listing on the Exchange of TSX Group Inc. or the continued listing of a Competitor (as defined in the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.), reference should be made to the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.
PART VI
CHANGES IN CAPITAL STRUCTURE OF LISTED COMPANIES

A. ISSUANCES OF SECURITIES — PRE-CLEARANCE REQUIREMENTS

General

Sec. 601. (a) Every company having securities listed on the Exchange shall give immediate notice to the Exchange of each proposed option, underwriting, sale or issue of treasury securities (other than debt securities which are not convertible into equity securities), or of securities held for the benefit of the treasury or to be created for the treasury and shall furnish promptly to the Exchange a copy of each option, underwriting or sales agreement entered into with respect to any such securities. The Exchange shall have the right either to accept or not accept the notice for filing and in case of such non-acceptance the proposal shall not be proceeded with; otherwise the securities of the company may be suspended from trading or delisted.

(b) The Exchange may require shareholder approval as a condition of acceptance of a notice under subsection (a) if, in the opinion of the Exchange, the proposed transaction:

(i) may materially affect control of the company;

(ii) has not been negotiated at arm's length; or

(iii) is of such a nature as to make shareholder approval desirable, having regard to the interests of the company's shareholders and the investing public.

(c) If the notice is accepted for filing, the Exchange shall give prompt notice thereof to each Participating Organization and may give notice thereof to the press.

(d) Every such company which has made such proposal or entered into such agreement shall give immediate notice to the Exchange of each payment or default therein and of each proposed extension, assignment or other material change therein and no such proposed extension, assignment or other material change shall be proceeded with unless notice thereof is accepted for filing by the Exchange.

Sec. 602. Where a listed company proposes to enter into a transaction which requires the prior consent of the Exchange, any public announcement of the proposed transaction should disclose this fact. A statement that the transaction is subject to regulatory approval is sufficient for this purpose.
602  Part VI — Changes in Capital Structure of Listed Companies  13—4-03

Sec. 607. For certain types of transactions, which are specified in the appropriate sections of this Manual, shareholder approval is an automatic requirement of the Exchange. For other transactions, the Exchange's decision as to whether to require shareholder approval will depend on the particular fact situation.

If the Exchange requires shareholder approval of a transaction, the resolution to be voted upon by shareholders must relate specifically to the transaction in question, rather than an unspecified transaction that may take place in the future, unless the Exchange consents to an alternative procedure prior to the mailing of the relevant meeting materials to shareholders.

Sec. 608. In certain circumstances where the Exchange requires shareholder approval of a proposed transaction, the listed company may be in a position to provide the Exchange with evidence that holders of more than 50% of the voting shares of the company are familiar with the terms of the proposed transaction and are in favour of it. In such circumstances, the Exchange will give consideration to permitting the company to proceed with the transaction without holding a meeting of shareholders to formally approve it. However, this procedure will not be available for the types of transactions which must be specifically approved by shareholders at a meeting pursuant to the prescribed requirements of the Exchange.

Amendments to Terms of Transaction

Sec. 609. Certain types of transactions which are often appropriate for closely held companies may be unacceptable once the public has been invited to participate in the company's ownership. Listed companies are expected to conduct their affairs in such a manner as to prevent situations from arising which create, or give the appearance of creating, conflicts of interest. If a proposed transaction which requires the consent of the Exchange has not been negotiated at arm's length, the Exchange will take this fact into account in deciding whether to accept notice of the transaction or in determining the conditions of such acceptance. These conditions may include the placing of the transaction before the disinterested shareholders for their approval.

Changes in Issued Capital

Sec. 610. After a transaction has been accepted by the Exchange pursuant to Section 601, the listed company must give the Exchange's Advisory Affairs Division immediate notice of the issuance of securities pursuant to the transaction. The notice should be filed by way of a duly completed Form 1 — Change in Outstanding and Reserved Securities (Appendix H: Company Reporting Forms). If the securities are to be issued gradually over a prolonged period of time, notices of issuances may be given on a monthly basis. This reporting requirement applies to any issuance of listed securities, including an issuance resulting from the conversion of other securities. In addition, any reductions in the number of issued securities of a listed class must be reported to the Exchange's Advisory Affairs Division on a monthly basis.

Public Distributions of Securities of a Listed Class

Sec. 611. Where a listed company proposes to amend the terms of a transaction of the type described in Section 601, the proposed amendment is subject to Section 601 regardless of whether the amendment could entail a further issuance of securities. This applies even if the transaction as previously accepted by the Exchange specifically provided for the possibility of amendments, unless the amendment is solely due to standard anti-dilution provisions in the original agreement.

Prospectus Offerings

Sec. 612. Listed companies proposing to issue securities of a listed class pursuant to a prospectus should file two copies of the preliminary prospectus with the Advisory Affairs Division of the Exchange concurrently with the filing thereof with the securities commissions. If the Exchange accepts notice of the proposed issuance, the company will be notified of the additional documentation required.

The standard notation on final prospectuses referring to conditional approval of a listing is not appropriate if the securities being offered under the prospectus are of a class already listed. Distribution of the securities to a minimum number of public security holders is not required.

The additional securities will normally be listed as soon as the prospectus offering has closed. The listing may take place prior to the closing of the offering, at the applicant company's request. Exchange staff will advise the company of the requirements in this regard.
Part VI — Changes in Capital Structure of Listed Companies

Share Exchange Offers, Amalgamations and Mergers

Sec. 613. See Sections 623 and 624.

The next section is Section 618.

Private Placements

Scope of the Private Placement Requirements

Sec. 619. The Exchange will not accept an issuance of securities by way of private placement unless all of the following conditions are met:

(a) The listed company must give the Exchange’s Advisory Affairs Division written notice of the proposed private placement. The notice should be in the form of a Notice of a Proposed Private Placement (Appendix D at ¶1450-080), accompanied by a covering letter. The date on which notice shall be deemed to be given (the “Date of Notice”) shall be, in the case of a notice that is mailed, the date on which the notice is deposited in a post office or public letter box. During periods of postal disruption, listed companies shall be expected to use alternative means of effecting prompt delivery.

(b) The price per security must not be lower than the closing market price of the security on the Toronto Stock Exchange on the trading day prior to the Date of Notice (the “Market Price”), less the applicable discount as follows:

<table>
<thead>
<tr>
<th>Market Price</th>
<th>Maximum Discount</th>
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<tbody>
<tr>
<td>$0.50 or less</td>
<td>25%</td>
</tr>
<tr>
<td>$0.51 to $2.00</td>
<td>20%</td>
</tr>
<tr>
<td>Above $2.00</td>
<td>15%</td>
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(c) Subject to paragraph (e), within 30 days from the Date of Notice, the listed company must file with the Exchange’s Advisory Affairs Division a Private Placement Questionnaire and Undertaking (Form P1 — Appendix D at ¶1450-061) completed by each proposed purchaser, and all other documentation requested by the Exchange.

(d) The transaction must not close.

(e) An extension of the time period prescribed in paragraph (c) or (d) may be granted in justifiable circumstances, provided that a written request for an extension is filed with the Exchange’s Advisory Affairs Division in advance of the expiry of the 30-day or 45-day period, as the case may be.

(f) The listed company must give the Exchange immediate notice in writing of the closing of the transaction.

Private Placements

Size of Transaction

Sec. 620. (a) Subject to paragraphs (b) and (c), the aggregate number of securities of a listed issue which are issued or made subject to issuance pursuant to private placement transactions during any six-month period must not exceed 25% of the number of securities of the issue which are outstanding (on a non-diluted basis) prior to giving effect to such transactions.

(b) The Exchange will give consideration to requests by listed companies to exceed the 25% limit referred to in paragraph (a), but only on condition that approval of the shareholders be obtained.

(c) If the listed company has more than one outstanding class of participating securities, the Exchange may, in appropriate circumstances, regard the separate classes as a single class for the purposes of paragraph (a).

(d) In the case of a private placement of convertible securities, or where warrants are issued to a private placement purchaser, the underlying securities will be regarded as being “subject to issuance”, for the purposes of paragraph (a), at
Part VI — Changes in Capital Structure of Listed Companies

the time of the closing of the private placement transaction, regardless of when the right of conversion or exercise commences.

(c) Where the number of securities of a listed issue which would be issued or made subject to issuance pursuant to a proposed private placement transaction (or series of related transactions) would exceed 100% of the number of securities of the issue which are outstanding (on a non-diluted basis) prior to giving effect to the transaction, reference should be made to Sections 699.10 to 699.15 respecting "backdoor listings".

Hold Period

[¶1410-232]

Sec. 621. In completing Form P1, each purchaser making purchases from the Exchange not to sell or otherwise dispose of the purchased securities or any securities derived therefrom for a period of four months from the date of the closing of the private placement transaction, or for such period as is required by applicable securities legislation (see, for example, section 2.52(2) of Multilateral Instrument 45-102, Resale of Securities), whichever is longer, without the prior consent of the Toronto Stock Exchange and any other regulatory body having jurisdiction.

Warrants

[¶1410-233]

Sec. 622. Warrants to purchase listed securities may be issued to a private placement purchaser if:

(a) the listed company satisfies the Exchange that the warrants and the provisions attaching to them are essential to the proposed financing; and

(b) all of the following conditions are met:

(i) If the securities purchased initially by the private place are listed securities, the warrants must not entitle the holder to purchase a greater number of listed securities than the number of securities purchased initially. If the securities purchased initially are convertible into listed securities, the warrants must not entitle the holder to purchase a greater number of listed securities than the number of securities issuable upon conversion of the securities purchased initially. If the securities purchased initially are neither listed securities nor convertible into listed securities, the warrants must not entitle the holder to purchase a greater number of listed securities than the number obtained by dividing the initial proceeds of the private placement by the Market Price per security as defined in Section 619.

(ii) The warrant exercise price must not be less than the Market Price as defined in Section 619 (i.e., without discount). The procedure set out in paragraphs (g), (h), (i) and (j) of Section 619 must be followed in this regard, the “price” being the warrant exercise price for this purpose.

(iii) The warrants must be exercisable during a period not extending beyond five years from the date of the closing of the private placement transaction.

Acquisitions

[¶1410-234]

Sec. 623. Where a listed company proposes to issue securities as full or partial consideration for assets, the Exchange will consider the transaction on its own merits, taking into account such factors as the size of the proposed transaction, whether the listed company is subject to the provisions of Section 502 and whether the transaction has been negotiated at arm’s length. Depending on the circumstances, documentation such as an independent valuation or engineer’s report may be required to assist the Exchange in the review process.

[¶1410-235]

Sec. 624. Sections 620 and 622, respecting private placements, will normally apply to arm’s length asset acquisitions, particularly if the listed company proposes to issue securities in exchange for assets which are closely held.

Lettered Stock

[¶1410-236]

Sec. 625. Subject to the exception described in the last paragraph of this Section, where a company proposes to issue a certificate representing securities of a class listed on the Exchange, and the certificate would bear a notation thereon that the securities represented by the certificate are not freely transferable (commonly called “lettered stock”), the following rules will apply (assuming the restriction does not apply to all outstanding securities of the class).

(a) The company must inform by letter each holder of securities which are restricted as to transfer: (i) that such securities can not be traded through the facilities of the Toronto Stock Exchange since the certificate is not freely transferable and consequently is not “good delivery” in settlement of transactions on the Toronto Stock Exchange; and (ii) that the Toronto Stock Exchange would deem the selling security holder to be responsible for any loss incurred on a sale made by him in such securities.
Part VI — Changes in Capital Structure of Listed Companies

(b) The certificate must clearly show the following notation on its face:

“The securities represented by this certificate are listed on the Toronto Stock Exchange, however, the said securities cannot be traded through the facilities of such Exchange since they are not freely transferable, and consequently any certificate representing such securities is not ‘good delivery’ in settlement of transactions on the Toronto Stock Exchange.”

(c) The company must comply with such other requirements the Exchange may wish to impose with respect to the lettered stock.

The notation required by the Exchange can be removed from the face of the certificate when all other notations that the securities are not freely transferable can be legally removed from the certificate.

Despite the above, if the securities that have the transfer restriction are widely held to the extent of meeting the Exchange's public distribution requirements for original listing, the Exchange may permit the listing of the securities on the Exchange in a “special terms market”, which is a market separate from that of the rest of the securities of the same class. In that case, the requirements set out in this Section may be modified accordingly. The Exchange's Advisory Affairs Division should be contacted in connection with a proposed listing of this type.

Employee Stock Option and Stock Purchase Plans, Options for Services and Related Matters

Introduction

Sec. 626. Listed companies are required to pre-clear with the Exchange all transactions involving the potential issuance of shares. Sections 627 to 637.3 set out the Exchange's requirements respecting stock options or other share issuances which are used as incentives or compensation mechanisms for employees, directors and other persons who provide ongoing services for listed companies. The Exchange may also be guided by these requirements in reviewing other types of listed company transactions where shares may be issued.

Interpretation

Sec. 627. For the purposes of Sections 628 to 637.3:

“associate” has the meaning assigned by the Ontario Securities Act;

“employee stock purchase plan” means a plan designed by a listed company to facilitate the purchase of shares of the company by employees, through payroll deductions, loans, guarantees or otherwise, but does not include a stock option plan or a plan which does not at any time entail an issuance of securities;

“insider” of a listed company means:

(a) an insider as defined in the Ontario Securities Act, other than a person who falls within that definition solely by virtue of being a director or senior officer of a subsidiary of the listed company, and

(b) an associate of any person who is an insider by virtue of (a);

“outstanding issue” means the number of shares of the applicable class outstanding on a non-diluted basis, subject to any applicable adjustments provided for in Sections 628 to 630;

“reserved for issuance” refers to shares which may be issued in the future upon the exercise of stock options which have been granted (shares are considered “reserved for issuance” commencing when the options are granted, regardless of when they can be exercised);

“service provider” for a listed company means:

(a) an employee or insider of the listed company or of any of its subsidiaries, and

(b) any other person or company engaged to provide ongoing management or consulting services for the listed company or for any entity controlled by the listed company;

“share compensation arrangement” means a stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of shares to one or more service providers, including a share purchase from treasury which is financially assisted by the company by way of a loan, guaranty or otherwise;

“stock option” means an option to purchase shares from treasury granted to a service provider as a compensation or incentive mechanism.

Sec. 628. If a listed company has more than one outstanding class of participating shares, the Exchange will, in appropriate circumstances, regard the separate classes as a single class in determining the number of shares outstanding for the purposes of Sections 629, 630 and 633. This will normally be the case where the shares issuable under a share compensation arrangement are non-voting or subordinate voting shares. Reference should also be
Part VI — Changes in Capital Structure of Listed Companies

made to Section 1.10 in Appendix E (¶1450-091) regarding the Exchange’s restrictions on the issuance of shares carrying multiple voting rights.

Shareholder Approval — General Requirements

¶1410-256 Sec. 629. Approval of the company’s shareholders at a meeting is required for the following:

(a) a stock option plan or employee stock purchase plan if the majority of the shares to be allocated under the plan will or may be issuable to insiders of the company;

(b) a share compensation arrangement for an insider, other than under a stock option plan or employee stock purchase plan, unless the share compensation arrangement is used as an inducement to a person, not previously employed by and not previously an insider of the company, to enter into a contract of full-time employment with the company; and

(c) a share compensation arrangement that, together with all of the company’s other previously established or proposed share compensation arrangements, could result, at any time, in:

(i) the number of shares reserved for issuance pursuant to stock options exceeding 10% of the outstanding issue, or

(ii) the issuance, within a one-year period, of a number of shares exceeding 10% of the outstanding issue.

For the purposes of (ii), “outstanding issue” is determined on the basis of the number of shares that are outstanding immediately prior to the share issuance in question, excluding shares issued pursuant to share compensation arrangements over the preceding one-year period.

Disinterested Shareholder Vote

¶1410-257 Sec. 630. If a proposed share compensation arrangement, together with all of the company’s other previously established or proposed share compensation arrangements, could result, at any time, in:

(a) the number of shares reserved for issuance pursuant to stock options granted to insiders exceeding 10% of the outstanding issue;

(b) the issuance to insiders, within a one-year period, of a number of shares exceeding 10% of the outstanding issue; or

(c) the issuance to any one insider and such insider’s associates, within a one-year period, of a number of shares exceeding 5% of the outstanding issue.

the share compensation arrangement must be approved by a majority of the votes cast at the shareholders’ meeting other than votes attaching to securities beneficially owned by:

(i) insiders to whom shares may be issued pursuant to the share compensation arrangement; and

(ii) associates of persons referred to in (i).

For this purpose, holders of non-voting and subordinate voting shares, as defined in Appendix E, must be entitled to vote with the holders of any class of shares of the company which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the company.

For the purposes of (b) and (c), “outstanding issue” is determined on the basis described in the last paragraph of Section 629.

For the purposes of (a), (b) and (c), an entitlement granted prior to the grantee becoming an insider may be excluded in determining the number of shares issuable to insiders.

Maximum Number of Shares to be Specified

¶1410-258 Sec. 631. Each share compensation arrangement must have a specified maximum number of shares issuable pursuant to it (not a “rolling” maximum such as a specified percentage of the number of shares outstanding from time to time). A shareholder vote on a share compensation arrangement must pertain to this maximum number, which can be subsequently increased to other specified amounts if authorized by further votes of shareholders.

Shareholder Meeting and Disclosure

¶1410-259 Sec. 632. Where shareholder approval is required by the Exchange in connection with a share compensation arrangement, the approval must take place at a meeting of shareholders. Evidence that holders of a majority of the voting shares are in favour of the proposal is not an acceptable substitute for a shareholder meeting.

Shareholder approval of a share compensation arrangement may be given by way of confirmation at the next meeting of shareholders following the establishment of the arrangement, provided that no shares are issued pursuant to the arrangement prior to thereto.

Subject to Section 634 regarding amendments, shareholder approval of a plan in accordance with Section 629 or Section 630 will normally be regarded by the Exchange as shareholder approval
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of all options or entitlements granted under the plan if shareholders have been provided with sufficient information to make an informed decision prior to giving their approval.

All pertinent information respecting a share compensation arrangement must be disclosed in the materials sent to the shareholders in advance of the meeting at which the arrangement is to be considered, including, but not limited to:

(a) the maximum number of shares issuable;

(b) any financial assistance to be provided to participants by the company to facilitate the purchase of shares under the arrangement, and whether the assistance is to be provided on a full recourse or non-recourse basis;

(c) options or other entitlements that have already been granted under the share compensation arrangement, subject to shareholder ratification; and

(d) the number of votes attaching to the securities that, to the company's knowledge at the time the information is provided, will not be counted for the purpose of determining whether the required level of shareholder approval has been obtained, if a disinterested shareholder vote is required by Section 630.

Stock Options — Additional Requirements

Sec. 633. In addition to the applicable shareholder approval requirements described above, stock options must meet the following criteria, whether granted under a plan or otherwise:

(a) They must expire not later than ten years after the date of grant.

(b) They must be non-assignable.

(c) The exercise price must not be lower than the market price of the shares on the Exchange at the time of grant. Alternatively, a reasonable pre-determined formula, based on a weighted average trading price or an average of daily high and low board lot trading prices for a short period of time prior to the time of grant (with no discount), will be acceptable. A stock option plan must specify how the “market price” will be determined for the purpose of setting exercise prices.

(d) The number of shares reserved for issuance to any one person pursuant to options must not exceed 5% of the outstanding issue.

Sec. 634. Any amendment to a stock option plan or to any option within or outside of a plan must be pre-cleared with the Exchange. An amendment may be regarded by the Exchange as equivalent to the establishment of a new plan or option, as the case may be, for the purposes of Sections 629 to 633. This will always be the case if there is a material amendment to a plan (including an increase in the maximum number of shares issuable under a plan) or a reduction in the exercise price of an option (other than for standard anti-dilution purposes). In addition, any material amendment to an option held by an insider, including a change in the exercise price or expiry date, must be approved by a majority of votes cast at a meeting of shareholders, other than votes attaching to securities beneficially owned by the grantee and the grantee's associates. The Exchange may also require shareholder approval of an amendment to an option held by a non-insider if it happens other than on an isolated basis.

For the purposes of this Section 634, an “amendment” includes any change relating to financial assistance provided by a listed company, directly or indirectly, in connection with a plan or option. An “amendment” does not include an accelerated expiry of an option due to the grantee ceasing to be an employee or director.

Shareholder approval of an amendment may be given by way of confirmation at the next meeting of shareholders after the amendment is made, provided that no shares are issued pursuant to the amended terms prior thereto. The materials sent to shareholders must comply with the disclosure requirements described in Section 632, with necessary modifications.

Any cancellation of an option prior to its expiry date, other than a cancellation due to the grantee ceasing to be an employee or director, must be reported immediately to the Exchange. The cancellation of an option prior to its expiry date in conjunction with the granting of an option to the same person on different terms is regarded by the Exchange as an “amendment” to an option for the purposes of this Section 634.

Employee Stock Purchase Plans

Sec. 635. The Exchange does not have a prescribed set of criteria for employee stock purchase plans. If the applicable shareholder approval requirements set out in Sections 629 to 632 are met, these plans will generally be acceptable to the Exchange in the absence of special circumstances. However, the provisions of Section 634 regarding amendments to stock option plans and to options granted under plans are also applicable to employee stock purchase plans and entitlements granted under them.
Stock Appreciation Rights

Sec. 636. The Exchange's requirements regarding stock options are applicable to stock appreciation rights (SARs) where the holder can receive shares upon exercise. The references to shares reserved for issuance in Sections 629, 630 and 633 are applicable to the aggregate number of shares reserved for issuance for stock options and SARs. For this purpose, the Exchange regards the “number of shares reserved for issuance” for SARs as being the number of outstanding SARs (where each SAR represents the right to receive shares having a market value equal to the market appreciation of one share). In the determination of the market appreciation, the formula for calculating the market price at the time of exercise must be based on a weighted average trading price or an average of daily high and low board lot trading prices.

Other Share Compensation Arrangements

Sec. 637. Apart from Sections 629 to 632 regarding shareholder approval, share compensation arrangements not referred to in Sections 633 to 636 will be considered on a case-by-case basis having regard to related Exchange policies where applicable.

Follow-up Notices to the Exchange

Sec. 637.1. The granting of stock options under a plan and the issuance of shares under a stock option plan or other plan do not require the prior consent of the Exchange if the plan has been pre-cleared with the Exchange and the shares that are subject to issuance have been listed. However, stock options granted under a plan must be reported to the Exchange at the time of grant in the form of a duly completed Form 1 — Change in Outstanding and Reserved Securities (Appendix H: Company Reporting Forms).

Listed companies must give the Advisory Affairs Division of the Exchange written notice in the form of a duly completed Form 1 — Change in Outstanding and Reserved Securities (Appendix H: Company Reporting Forms) on a monthly basis of all exercises of stock options or other share issuances pursuant to share compensation arrangements. In the case of a plan, only the total number of shares issued during the month need be stated. In all other cases, the name of the person to whom the shares were issued must be included in the notice, along with the particulars of the share compensation arrangement. If no shares are issued in any particular month, the Exchange need not be so advised.

Pricing and Timely Disclosure

Sec. 637.3. The Exchange's policy on timely disclosure requires immediate disclosure by listed companies of all "material information", as defined in the policy, concerning the company’s business or affairs. The policy also recognizes that there are restricted circumstances where confidentiality may be justified on a temporary basis.

Listed companies must not set option exercise prices, or prices at which shares may otherwise be issued, on the basis of market prices which do not reflect material information of which management is aware but which has not been disclosed to the public. Exceptions are where employees, at a previous time when they did not have knowledge of the undisclosed information, committed themselves to acquire the shares on specified terms through participation in a stock purchase plan, or where the granting of a stock option relates directly to the undisclosed event and the grantee is neither an employee nor an insider of the company at the time of the grant (e.g., where a listed company grants a stock option to an employee of another company as part of the negotiations to acquire that company).

The Exchange may also object to a stock option or other share compensation arrangement that is priced on the basis of a market price that appears to be an aberration, having regard to the trading pattern of the underlying securities and other relevant factors.
Granting of Charitable Options or Warrants

Introduction

Sec. 637.4. Certain listed issuers have expressed interest in making donations of options or warrants (collectively, "charitable options"). In order to accommodate this interest, the Exchange has established requirements for the granting of charitable options.

A listed issuer must apply to the Exchange for approval to grant any charitable option and to list the securities issuable upon its exercise. See Sections 330 to 335 regarding the additional approval requirements relating to charitable options granted by issuers seeking listing on the Exchange. Generally, the Exchange will provide such approval for those charitable options which conform to the requirements set out below.

Definitions

Sec. 637.5. For the purposes of Sections 637.6 to 637.11:

"Charitable Option" means an option or warrant that is exercisable for Eligible Securities and is granted by an Eligible Issuer or listed issuer to an Eligible Charitable Organization.

"Charitable Organization" means "charitable organization" as defined in the Income Tax Act (Canada) as amended from time to time.

"Eligible Charitable Organization" means any Charitable Organization, Public Foundation or Registered National Arts Services Organization, which is a Registered Charity, but is not a Private Foundation.

"Outstanding Issue" means the number of shares that are outstanding immediately prior to the share issuance in question, excluding shares issued pursuant to Charitable Options over the preceding one-year period.

"Private Foundation" means "private foundation" as defined in the Income Tax Act (Canada) as amended from time to time.

"Public Foundation" means "public foundation" as defined in the Income Tax Act (Canada) as amended from time to time.

"Registered Charity" means "registered charity" as defined in the Income Tax Act (Canada) as amended from time to time.

"Registered National Arts Service Organization" means "registered national arts service organization" as defined in the Income Tax Act (Canada) as amended from time to time.

Shareholder Approval

Sec. 637.6. Approval of the issuer’s shareholders at a meeting is required for Charitable Options that, together with all of the issuer’s other previously established or proposed Charitable Options, could result, at any time, in:

(i) the number of shares reserved for issuance pursuant to Charitable Options exceeding 5% of the Outstanding Issue;

(ii) the issuance, within a one-year period, of a number of shares exceeding 5% of the Outstanding Issue; or

(iii) the issuance to any one Eligible Charitable Organization, within a one-year period, of a number of shares exceeding 2% of the Outstanding Issue.

Sec. 637.7. If shareholder approval is required by the Exchange in connection with a Charitable Option, the provisions of Section 632 will be applied.

Additional Requirements

Sec. 637.8. All Charitable Options must meet the following criteria:

(a) they must expire not later than the earlier of:

(i) ten years after the date of grant; and

(ii) the 90th day following the date that the holder of the Charitable Option ceases to be an Eligible Charitable Organization;

(b) they must be non-assignable;

(c) the exercise price must not be lower than the weighted average trading price of the shares on the Exchange over the 10 trading day period immediately preceding the date of grant. (See Section 335 for the pricing criteria of Charitable Options issued in connection with an IPO); and

(d) they must not be exercisable for consideration that is payable other than in cash.

Sec. 637.9. A Charitable Option may contain anti-dilution provisions to cover stock splits or consolidations, share reclassifications, payment of stock dividends and other distributions; however, the terms and conditions of a Charitable Option may not be amended or made subject to amendment after its grant other than to give effect to such anti-dilution provisions or to provide for the cancellation of the Charitable Option in order to
enable its grantor to comply with the provisions of Section 637.6.

Sec. 637.10. Charitable Options and the securities that are issuable upon their exercise will be treated by the Exchange as a separate reserve of securities that will not be applied towards the limits prescribed by the Exchange for options that may be granted by the listed issuer under its stock option and stock purchase plans or other share compensation arrangements, provided that all of the listed issuer’s outstanding Charitable Options conform in every respect to the provisions of Sections 637.6 to 637.9.

Sec. 637.11. The details of any exercise of a Charitable Option (including the date of exercise and the number of securities issued on exercise) must be promptly reported in writing to the Exchange by the listed issuer.

Rights Offerings

General

Sec. 638. A preliminary discussion with the Exchange’s Advisory Affairs Division is recommended to a listed company proposing to offer rights to its shareholders. This procedure could benefit the company by preventing unnecessary last minute complications and delays.

Sec. 639. A rights offering by a listed company must be accepted for filing by the Exchange before the offering proceeds. The offering must also be cleared with the securities commissions having jurisdiction. (See section 2.1 of National Instrument 45-101.)

The rights offering must receive final acceptance from the Exchange and the securities commissions, and all particulars related to the offering must be provided to the Exchange, at least seven trading days in advance of the record date for the rights offering, the record date being the date of closing of the transfer books for the preparation of the final list of shareholders who are entitled to receive rights. Exceptions to this requirement will be allowed by the Exchange only in cases where applicable legislation renders the requirement impracticable.

It is not advisable for a company to announce a firm record date for a rights offering before all necessary regulatory approvals have been received. Such an announcement could prove to be premature if the company experiences unexpected delays in obtaining the regulatory approvals.

Sec. 637.10 Procedure Prior to the Offering

Sec. 640. A draft copy of the rights offering circular (‘‘circular’’ includes a prospectus, if applicable) must be filed with the Exchange’s Advisory Affairs Division concurrently with the filing thereof with the securities commissions. The Exchange will subsequently advise the company of any deficiencies in the draft circular and of the further documentation that will be required.

Sec. 641. If the rights offering is acceptable to the Exchange (subject only to the correction of minor deficiencies, if any, and the filing of the required documents), the Exchange will so advise the securities commissions.

Sec. 642. At least seven trading days in advance of the record date:
(a) all deficiencies raised by the Exchange must be resolved;
(b) clearances for the rights offering must be obtained from all securities commissions having jurisdiction, and the company must so advise the Exchange;
(c) all the terms of the rights offering must be finalized; and
(d) the Exchange’s Advisory Affairs Division must receive all of the following documents (in addition to any other documents that may be requested):
(i) a copy of the final version of the rights offering circular as approved by the securities commissions;
(ii) a photocopy of a specimen of the rights certificates;
(iii) a copy of the written notice from The Canadian Depository for Securities Limited disclosing the CUSIP number assigned to the rights (see Section 341);
(iv) a written statement as to the date on which it is intended that the rights offering circulars and rights certificates will be mailed to the shareholders (which should be as soon as possible after the record date);
(v) an opinion of counsel that the securities issuable upon exercise of the rights have been validly created in accordance with applicable law and that such securities will, when issued in accordance with the terms of the rights offering, be validly issued as fully paid and non-assessable; and
(vi) the additional listing fee, if applicable (see Section 804).

Sec. 643. There is no fee for the listing of rights on the Exchange, although there is a fee for listing securities issuable upon exercise of the rights. If such securities are of a class already listed, the company must list the maximum number of securities issuable under the rights offering.

Contents of Rights Offering Circular

Sec. 644. The information that must be contained in a rights offering circular is prescribed in the rules and policies of the securities commission. See National Instrument 45-101 and Form 45-101F. The Exchange may have additional requirements, depending on the particular circumstances.

Sec. 645. The standard notation on final prospectuses or other offering documents referring to conditional approval of a listing is not appropriate for a rights offering circular with respect to the rights themselves, nor is such notation appropriate with respect to the securities issuable upon exercise of the rights if such securities are of a class already listed. The rights will normally be listed on the Exchange, as will the underlying securities (if of a class already listed) before the rights offering circulars are mailed to the shareholders.

Listing of Rights on the Exchange

Sec. 646. Rights which receive all regulatory approvals will be automatically listed on the Exchange if the rights entitle the holders to purchase securities of a listed class. Rights which do not fall into this category will also normally be listed on the Exchange at the request of the company. If rights issued to shareholders of a listed company entitle the holders to purchase securities of another company which is not listed, the rights will not be listed on the Exchange unless such securities have been conditionally approved for listing on the Exchange.

Sec. 647. Rights are listed on the Exchange on the second trading day preceding the record date. At the same time, the shares of the company commence trading on an ex-rights basis, which means that purchasers of the shares are not entitled to receive the rights.

Other Exchange Requirements Respecting Rights

Sec. 648. When the rights offering circulars and rights certificates are mailed to the shareholders, the company must concurrently file with the Exchange's Advisory Affairs Division two commercial copies of the rights offering circular and a definitive specimen of the rights certificates.

Sec. 649. Trading in rights on the Exchange ceases at 12:00 noon on the expiry date.

Sec. 650. The Exchange will generally require that rights be transferable, whether listed on the Exchange or not. Any proposed restriction on their transferability must receive the prior consent of the Exchange.

Sec. 651. The following requirements apply to rights which are listed on the Exchange, although the Exchange may, in circumstances it considers appropriate, apply these requirements to rights not so listed:

(a) Once the rights have been listed on the Exchange, the Exchange will not permit the essential terms of the rights offering, such as the exercise price or the expiry date, to be amended. However, under extremely exceptional circumstances, such as an unexpected postal disruption, the Exchange may grant an exemption from the requirement that the expiry date not be extended.

(b) The rights offering must be open for a period of at least 21 calendar days following the date on which the rights offering circular is sent to security holders or such longer period as is necessary to ensure that shareholders, including shareholders residing in foreign countries, will have sufficient time to exercise or sell their rights on an informed basis.

(c) Shareholders must receive exactly one right for each share held. An exemption from this requirement will be considered if the rights offering entitles shareholders to purchase more than one share for each share held (prior to giving effect to any additional subscription privilege).

(d) If the company proposes to provide a rounding mechanism, whereby shareholders not holding a number of shares equally divis-
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Sec. 656. Any proposed amendment to the terms of outstanding warrants must be accepted by the Exchange prior to the amendment becoming effective. See also Section 659.

Listing of Warrants on the Exchange

Sec. 657. The listing of warrants on the Exchange is considered on an individual case-by-case basis.

If the warrants entitle the holders to purchase securities, the warrants will not be listed unless such securities are listed, or conditionally approved for listing, on the Exchange.

In order for warrants to be eligible for listing on the Exchange, there must be at least 200 public holders of 100 warrants or more and at least 200,000 publicly held warrants.

See Section 346 for the requirements respecting notations in prospectuses or other offering documents referring to an Exchange listing.

Sec. 658. The warrant trust indenture, or other document prescribing the rights of warrant holders, must contain appropriate anti-dilution provisions to ensure that the rights of the holders are protected in the event of an amalgamation, merger, stock dividend, subdivision, consolidation or other form of capital reorganization, or in the case of a major asset distribution to shareholders.

Sec. 659. Once warrants have been listed, the Exchange will not permit amendments to any of the essential terms of the warrants, such as the exercise price (except for anti-dilution purposes) or the expiry date.

The Exchange will not list warrants in respect of which the warrant trust indenture (or equivalent document) entitles the directors of the company to change the exercise price (except for anti-dilution purposes) or which provides for the possibility of an accelerated or extended expiry date.

Sec. 660. Prior to the listing of warrants on the Exchange, the listed company will normally be required to take the necessary steps to ensure that the warrants are qualified for exercise by residents across Canada.
Sec. 661. To apply to have warrants listed on the Exchange, the company must file the following documents with the Exchange's Advisory Affairs Division:

(a) a certified copy of the warrant trust indenture (or equivalent document), together with all supplemental indentures, if applicable;

(b) evidence of satisfactory distribution of the warrants, which evidence may take the form of a letter from the company's transfer agent or underwriter of the warrants certifying as of a recent date, the number of warrants outstanding, the number that are publicly held and the number of public holders of at least 100 warrants;

(c) a definitive specimen of the warrant certificates;

(d) a copy of the written notice from The Canadian Depository for Securities Limited disclosing the CUSIP number assigned to the warrants (see Section 341);

(e) an opinion of counsel that the securities issuable upon exercise of the warrants have been validly created in accordance with applicable law and that such securities will, when issued in accordance with the terms of the warrants, be validly issued as fully paid and non-assessable;

(f) the additional listing fee with respect to the securities issuable upon exercise of the warrants (see Section 804); and

(g) warrant listing fee (see Section 807).

Sec. 662. The warrants will normally be listed on the Exchange two or three trading days after the documents set out in Section 661 are received by the Exchange.

Sec. 663. Trading in warrants on the Exchange ceases at 12:00 noon on the expiry date.

Public Unit Offerings with Warrants Not Immediately Separable

Sec. 664. Where a listed company proposes to make a public offering of units, consisting of shares of a listed class and warrants, with the warrants not being separable from the shares at the time the units are issued, it will be necessary for a CUSIP number to be assigned to the units (as well as the warrants). Normally, the warrants will be issued to unit holders of record as of a specified date, and after such date the unit certificates will represent shares only. Accordingly, the unit certificates must bear two CUSIP numbers: one for the units and one for the shares.

Sec. 665. It is recommended that the form of the unit certificate be pre-cleared with the Exchange's Advisory Affairs Division.

Sec. 666. If the record date for the separation of the warrants is not specified at the time the units are issued, the Exchange's Advisory Affairs Division must be given at least seven trading days notice of such record date and the company must issue a press release announcing the record date at that time. The company must also send Letters of Transmittal to the unit holders requesting them to exchange their unit certificates for certificates representing shares only.

Sec. 667. If the warrants qualify to be listed on the Exchange, the separate components of the units will normally be posted for trading on the Exchange at the opening of business on the second trading day preceding the record date. The company must advise the Exchange in writing of the date on which it is anticipated that the warrant certificates will be mailed to unit holders.

Sec. 668. Notice of a listed company's intention to pay a subscription fee to one or more Participating Organizations for assisting in obtaining exercises of warrants must be given to the Exchange's Advisory Affairs Division at least 90 days prior to the expiry of the warrants.

Sec. 669. As set out in Section 659, listed companies are not permitted to amend the essential terms of listed warrants. A change in the exercise price or expiry date of warrants can have a significant effect on the market price of the warrants and can severely disadvantage persons who have traded in the warrants in reliance upon their terms.

Where a listed company engages one or more securities dealers to take measures to increase the likelihood that warrants will be exercised, this can have an effect similar to that of a change in the exercise price of the warrant. For example, if a listed company agrees to pay a dealer a fee for each warrant that is exercised, the dealer may have an incentive to bid warrants in the market at a higher price than others would be willing to pay.

The Exchange will not permit any arrangement to solicit clients to purchase or exercise warrants if the arrangement could have the effect of artificially

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changing the exercise price of the warrants or could subsidize certain market participants to exercise warrants at an effective price that is not available to others. The Exchange will also not permit any arrangement between a listed company and a securities dealer that would have a similar effect, such as an over-the-counter derivatives transaction, or a direct subsidy, advisory fee or other form of payment, the impact of which would be to create an incentive to buy warrants at a higher price than would otherwise be the case.

The Exchange will not permit soliciting dealer arrangements unless the following are provided for:

1. a maximum solicitation fee to be paid in respect of any one beneficial holder of warrants, similar to the maximum amount normally payable to soliciting dealers in a rights offering;
2. a prohibition on a solicitation fee being passed through to a client by a dealer, either directly or through indirect subsidies; and
3. full public disclosure of the essential terms of the soliciting dealer arrangement.

Restricted Shares

Sec. 670. Where a listed company has, or proposes to have, a listed class of participating shares which are

(a) non-voting;
(b) voting, but the company has another class of voting shares; or
(c) voting, but there is a restriction on the power of the holders of a majority of the shares to elect a majority of the company's directors (except where the restriction is applicable only to persons who are not Canadians or residents of Canada),

reference should be made to the Exchange Policy Statement on Restricted Shares, which is set out in Appendix E, and Ontario Securities Commission Rule 56-501, Restricted Shares.

B. ADDITIONAL LISTINGS

General

Sec. 671. In addition to the requirements of Section 601, every listed company proposing to issue additional securities of a listed class, or to authorize such additional securities to be issued for a specific purpose, must apply to have the additional securities listed on the Exchange. Application must be made to list the maximum number of securities issuable pursuant to the proposed transaction.

With regard to the additional listing of securities sold by prospectus, see Section 612.

Sec. 672. In determining the number of additional securities to be listed, securities listed in connection with earlier transactions must not be taken into account. Credits for fee purposes or refunds will not be given for securities which have previously been listed but are no longer issued or authorized for issuance for a specific purpose. However, companies in the Mining or Oil and Gas category which listed all of the authorized securities of their listed classes prior to 1984 will not be required to relist such securities.

Documentation

Sec. 673. There is no prescribed form for an additional listing application. A letter notice pursuant to Section 601 will be regarded by the Exchange as including an application to list the additional securities involved.

Sec. 674. The documentation required in connection with an additional listing application will depend on the nature of the application. In all cases, however, the following documentation will be required:

(a) copies of all relevant executed agreements;
(b) an opinion of counsel that the securities to be listed have been validly created in accordance with applicable law and that the securities have been (or will be, when issued in accordance with the terms of the transaction) validly issued as fully paid and non-assessable; and
(c) the additional listing fee (see Section 804).

Stock Dividends

Sec. 675. Companies which issue stock dividends on a regular basis, whether pursuant to a formal stock dividend plan or otherwise, can either apply to list securities each time a dividend is declared or, alternatively, apply to list as a block the number of securities the company estimates will be issued as stock dividends over the next two years. The latter procedure could result in an ultimate saving in listing fees.
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C. SUBSTITUTIONAL LISTINGS

General

Sec. 676. Where a listed company proposes to change its name, split or consolidate its stock, or undergo a share reclassification, the company must make a substitutional listing application to the Exchange.

Sec. 677. Where a listed company proposes to undergo a change which would give rise to a substitutional listing, it is recommended that the company discuss the proposed change with the Exchange's Advisory Affairs Division before the materials for the requisite shareholders' meeting are sent to the shareholders. This practice could prevent unnecessary last-minute complications.

Change of Name

Sec. 678. A listed company proposing to change its name should notify the Exchange's Advisory Affairs Division as soon as possible after the decision to change the name has been made. The new name must be acceptable to the Exchange.

Sec. 679. If the proposed change is substantial, it may be appropriate for the Exchange to assign a new stock symbol to the company's securities. The company's choices, if any, in this regard should be communicated to the Advisory Affairs Division, in order of preference, well in advance of the effective date of the name change. The symbol may consist of up to three letters (excluding the letters that differentiate between different classes of securities).

Sec. 680. The following documents must be filed with the Exchange's Advisory Affairs Division in connection with a name change:

(a) a notarial or certified copy of the Certificate of Amendment, or equivalent document;
(b) a definitive specimen of the new or overprinted share certificates;
(c) a copy of the written notice from The Canadian Depository for Securities Limited disclosing the CUSIP number(s) assigned to the company's listed securities after giving effect to the name change (see Section 341); and
(d) the substitutional listing fee (see Section 805).

Sec. 681. The company's securities will normally commence trading on the Exchange under the new name at the opening of business two or three trading days after all the documents set out in Section 680 are received by the Exchange.

Stock Split

Sec. 682. There are two methods of effecting a stock split: the "push-out" method and the "call-in" method. If the stock split is accompanied by a share reclassification, either the push-out method or the call-in method may be used; otherwise the push-out method is preferable.

Sec. 683. Under the push-out method, the shareholders keep the share certificates they currently hold, and shareholders of record as of the close of business on a specified date (the "record date") are provided with additional share certificates by the company.

Sec. 684. Where the push-out method is to be used, the Certificate of Amendment, or equivalent document, giving effect to the split must be issued at least seven, and preferably not less than ten, trading days prior to the record date. Accordingly, if the stock split must be approved by the shareholders, the meeting of shareholders must take place at least seven trading days in advance of the record date. If the push-out method is to be used, the following documents must be received by the Exchange's Advisory Affairs Division at least seven trading days in advance of the record date:

(a) written confirmation of the record date, including the time of day ("close of business" will be sufficient for this purpose);
(b) a notarial or certified copy of the Certificate of Amendment, or equivalent document;
(c) an opinion of counsel that all the necessary steps have been taken to validly effect the split in accordance with applicable law and that the additional shares will be validly issued as fully paid and non-assessable;
(d) a written statement as to the date on which it is intended that the additional share certificates will be mailed to the shareholders;
(e) the substitutional listing fee (see Section 805); and
(f) if the stock split is accompanied by a share reclassification,
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(i) definitive specimens of the new share certificates; and

(ii) a letter from The Canadian Depository for Securities Limited disclosing the CUSIP numbers assigned to each new class of shares (see Section 341).

Sec. 685. Where the push-out method is used, the shares will commence trading on the Exchange on a split basis at the opening of business on the second trading day preceding the record date.

Sec. 686. Under the call-in method, the company implements the stock split by replacing the share certificates currently in the hands of the shareholders with new certificates. Letters of Transmittal are sent to the shareholders requesting them to exchange their share certificates at the offices of the company's transfer agent.

Sec. 687. Where the call-in method is to be used, the following documents must be received by the Exchange's Advisory Affairs Division on or before the day on which the Letters of Transmittal are mailed to the shareholders:

(a) two copies of the Letters of Transmittal;

(b) a notarial or certified copy of the Certificate of Amendment, or equivalent document;

(c) an opinion of counsel that all the necessary steps have been taken to validly effect the split or facilitation of the share certificates in accordance with applicable law and that the additional shares will be validly issued as fully paid and non-assessable;

(d) definitive specimens of the new share certificates;

(e) a copy of the written notice from The Canadian Depository for Securities Limited disclosing the CUSIP numbers assigned to each new class of shares (see Section 341);

(f) a written statement as to the intended mailing date of the Letters of Transmittal; and

(g) the substitutional listing fee (see Section 805).

Sec. 688. Where the call-in method is used, the shares will normally commence trading on the Exchange on a split basis at the opening of business two or three trading days after the Letters of Transmittal are mailed to the shareholders.

Sec. 689. Where a company proposing to split its stock has warrants posted for trading on the Exchange, the form of warrant certificates must not be changed by virtue of the split, but any new warrant certificate issued by the company after the stock split becomes effective must contain a notation disclosing the effect of the stock split on the rights of the warrant holders and a statement that the number of warrants represented by the warrant certificate for trading purposes is equal to the number imprinted in the top right-hand corner (or other location, if appropriate) of the certificate.

Stock Consolidation

Sec. 690. A stock consolidation by a listed company requires the prior consent of the Exchange.

Sec. 691. A company undergoing a stock consolidation must meet the following criteria at the time of the consolidation in order to remain listed on the Exchange:

Industrial companies:

— net tangible assets of $5,000,000; or

— pre-tax earnings of $200,000 before extraordinary items and pre-tax cash flow of $500,000, both in the last fiscal year.

Mining companies:

— net tangible assets of $5,000,000; or

— proven reserves to provide a mine life of at least three years, calculated by a qualified and independent technical authority; or

— pre-tax profitability in the last fiscal year, pre-tax cash flow of $350,000 in the last fiscal year and an average pre-tax cash flow of $300,000 for the last two fiscal years.

Oil and Gas companies:

— proven developed reserves of $5,000,000 based on the discount rate prescribed by the Exchange; or

— pre-tax profitability in the last fiscal year, pre-tax cash flow of $500,000 in the last fiscal year and an average annual pre-tax cash flow of $400,000 for the last two fiscal years.

A company may be exempted from these requirements if the consolidation is designed to facilitate a simultaneous amalgamation or merger with another company of similar or larger size, or a reverse take-over.
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Sec. 692. On a post-consolidation basis, there must be at least 1,000,000 freely-tradeable shares held by at least 300 public holders, each holding one board lot or more.

Sec. 693. A stock consolidation must be accompanied by a concurrent change in the colour of the share certificates and a new CUSIP number.

Sec. 694. The following documents must be filed with the Exchange's Advisory Affairs Division on or prior to the day on which the Letters of Transmittal are sent to the shareholders:

(a) two copies of the Letters of Transmittal;
(b) a notarial or certified copy of the Certificate of Amendment, or equivalent document;
(c) opinion of counsel that all the necessary steps have been taken to validly effect the consolidation in accordance with applicable law;
(d) a definitive specimen of the new share certificates;
(e) a copy of the written notice from The Canadian Depository for Securities Limited disclosing the new CUSIP number assigned to the shares (see Section 341);
(f) a written statement as to the intended mailing date of the Letters of Transmittal;
(g) the substitutional listing fee (see Section 805).

Sec. 695. The shares will normally commence trading on the Exchange on a consolidated basis two or three trading days after the Letters of Transmittal are mailed to the shareholders.

D. SUPPLEMENTAL LISTINGS

Sec. 696. The following documentation must be filed with the Exchange's Advisory Affairs Division in connection with a share reclassification (with no stock split):

(a) a notarial or certified copy of the Certificate of Amendment, or equivalent document;
(b) an opinion of counsel that all the necessary steps have been taken to validly effect the share reclassification in accordance with applicable law;
(c) definitive specimen(s) of the new or over-printed share certificate(s);
(d) a copy of the written notice from The Canadian Depository for Securities Limited disclosing the CUSIP number(s) assigned to the shares (see Section 341);
(e) the substitutional listing fee (see Section 805);
(f) two copies of the Letters of Transmittal, if applicable; and
(g) a written statement as to the intended mailing date of the Letters of Transmittal, if applicable.

Sec. 697. The reclassification will normally become effective for trading purposes on the Exchange two or three trading days after all the documents set out in Section 696 are received by the Exchange.

Sec. 698. A listed company proposing to list shares of a class not already listed should apply for the listing by letter addressed to the Exchange's Advisory Affairs Division. The letter should be accompanied by two copies of the preliminary prospectus or, if applicable, the draft circular describing the provisions attaching to the shares.

In addition, the company may be required to file with the Exchange a completed form (Appendix D at ¶1450-078) showing the distribution of the shares on a post-consolidation basis.

Sec. 699. If the Exchange conditionally approves the listing of the shares, this fact may be disclosed in the final prospectus, or in other documents, in accordance with the rules set out in Section 346.

Sec. 699.1. The minimum public distribution requirements for a supplemental listing are the same as the minimum requirements for original listing as set out in Section 310. However, the Exchange will give consideration to listing non-participating preferred shares that do not meet these requirements if the market value of such shares outstanding is at least $2,000,000 and:

(a) if the shares are convertible into participating shares, such participating shares are listed on the Exchange and meet the minimum public distribution requirements for original listing,
(b) if the shares are not convertible into participating shares, the company is exempt from Section 502 (see Section 501).
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Sec. 699.2. The following documents must be filed with the Exchange's Advisory Affairs Division within 90 days of the Exchange's preliminary acceptance of the supplemental listing (or within such later time as the Exchange may stipulate):

(a) a notarial or certified copy of the resolution of the board of directors of the company authorizing the application to list the shares;
(b) a notarial or certified copy of the Certificate of Amendment, or equivalent document, giving effect to the creation of the shares;
(c) two commercial copies of the final prospectus, or other offering document, if applicable;
(d) an opinion of counsel that the shares to be listed have been validly created in accordance with applicable law and that the shares are validly issued as fully paid and non-assessable;
(e) a definitive specimen of the share certificates;
(f) a copy of the written notice from The Canadian Depository for Securities Limited disclosing the CUSIP number assigned to the shares (see Section 341);
(g) written confirmation that the shares are no longer in primary distribution, if applicable;
(h) one completed copy of the Statement Showing Number of Shareholders form (Appendix D at ¶1450-078) or, in the case of a prospectus underwriting, a certificate from the underwriter confirming that the shares have been distributed to at least 300 public board lot holders (unless the Exchange waives this requirement);
(i) one completed copy of the Distribution of Stock form (Appendix D at ¶1450-079) (unless the Exchange waives this requirement); and
(j) the supplemental listing fee (see Section 806).

Sec. 699.3. In the case of the listing of shares being offered to the public, the listing may take place prior to the closing of the offering, at the company's request. Exchange staff will advise the company of the requirements in this regard. Any trading that takes place prior to closing will be on an "if, as and when issued" basis.

E. RESTRICTED SHARES

Sec. 699.4. Where a listed company applies to list a new or reclassified class of participating shares which are:

(a) non-voting;
(b) voting, but the company has another class of voting shares which restricts the voting power of the class of shares in respect of which the listing application is made; or
(c) voting, but the right to vote is subject to some limit on the number or percentage of shares which may be voted by a person or group (except where the limit is applicable only to persons who are not Canadians or residents of Canada), reference should be made to the Exchange Policy Statement on Restricted Shares, which is set out in Appendix E, and Ontario Securities Commission Rule 56-501, Restricted Shares.

F. CONVERTIBLE SECURITIES

Sec. 699.5. A company proposing to issue securities which are convertible into securities of a listed class must have a sufficient number of listed securities to allow for maximum conversion. However, if securities are convertible into listed securities only in the event of a take-over bid for the listed securities, the company should not apply to list the securities issuable upon such conversion until the conversion privilege is triggered.

Any proposed amendment to the terms of the conversion privilege must be accepted by the Exchange prior to the amendment becoming effective.

Sec. 699.6. Where two or more classes of securities are interconvertible and one is listed, the others must also be listed.

G. REDUCTION IN NUMBER OF SECURITIES LISTED

General

Sec. 699.7. At any given point in time, the number of listed securities of a particular class should generally be equal to the sum of the number of securities issued and the number of securities authorized for issuance for a specific purpose. The Exchange must be immediately advised by completing and filing a Form 1 (Appendix H: Company Reporting Forms) of any event which should give rise to a reduction in the number of securities listed, such as the expiry of a conversion privilege or the purchase by the company of its own securities. Notices on a monthly basis will be sufficient if the company is undergoing a stock repurchase program on an ongoing basis.
Redemptions of Listed Securities

Sec. 699.8. Where a company proposes to redeem listed securities, two copies of the notice of redemption must be filed with the Exchange’s Advisory Affairs Division concurrently with the sending of the notices to the security holders. The securities will normally be delisted from the Exchange at the close of business on the redemption date.

Sec. 699.9. Where a company redeems securities which were convertible into listed securities, the company must advise the Exchange, as soon as possible after the redemption date, of the number of securities which were authorized for issuance for potential conversion of the redeemed securities but were not in fact issued. The Exchange will adjust its listing records accordingly.

H. BACKDOOR LISTINGS

Sec. 699.10. A “backdoor listing” occurs when an issuance of securities of a listed company results, directly or indirectly, in the acquisition of the listed company by an unlisted company and a change in effective control of the listed company. A transaction giving rise to a backdoor listing may take one of a number of forms, including an issuance of shares for assets, an amalgamation or a merger. Such transactions will normally be regarded as backdoor listings if they would otherwise result in the shareholders of the listed company owning less than 50% of the shares or voting power of the resulting company, with an accompanying change in effective control of the listed company.

Sec. 699.11. Where the Exchange determines that a proposed transaction would constitute a backdoor listing, the approval procedure is similar to that of an original listing application. The company resulting from the combination must meet all the original listing requirements of the Exchange, unless the unlisted company meets the original listing requirements of the Exchange, except for the public distribution requirements, and the company resulting from the combination:

(a) meets the public distribution requirements for original listing;
(b) would appear to have a substantially improved financial condition as compared to the listed company; and
(c) has adequate working capital to carry on the business.

Sec. 699.12. The transaction must also be approved by the holders of the listed company’s participating shares at a meeting prior to completion of the transaction. For this purpose, holders of Non-Voting and Subordinate Voting shares, as defined in Appendix E, must be entitled to vote with the holders of any class of shares of the company which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the company.

It is preferable that the Exchange’s approval of a backdoor listing be obtained before the transaction is submitted to shareholders for approval. If this is impracticable, the information circular sent to shareholders must include a statement that the proposed transaction is subject to the acceptance of the Exchange (or regulatory approval). The Exchange may require the company to file a draft of the information circular with the Exchange for review before the sending of the circular to the shareholders, although it is recommended that the company pre-clear the circular with the Exchange in any event.

Sec. 699.13. In considering a backdoor listing application, the Exchange will require evidence that the proposed new management is sound with a proven record of success.

Sec. 699.14. As a condition of acceptance of a backdoor listing, the Exchange may require that the securities to be issued pursuant to the transaction be fully or partially escrowed under terms satisfactory to the Exchange.

Sec. 699.15. A completed Listing Statement may be required by the Exchange in connection with a backdoor listing.

I. TAKE-OVER BIDS AND ISSUER BIDS

Sec. 699.16. Where a take-over bid or issuer bid is made for securities of a listed company, it is the responsibility of the target company to ensure that two copies of the offering circular, directors’ circular and all other materials sent to the shareholders in connection with the bid are filed with the Exchange’s Advisory Affairs Division either concurrently with the sending of materials to the shareholders or as quickly as possible thereafter. The Exchange’s Advisory Affairs Division must be advised as soon as possible of any amendments to the terms of the bid, in order for the Exchange to
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have sufficient time to establish appropriate special trading rules, if necessary.

Sec. 699.17. The rules for take-over bids and issuer bids are prescribed by securities legislation and, in some cases, corporate legislation. See, for example, Part XX of the Ontario Securities Act.

Sec. 699.18. Participating Organizations of the Exchange who are registered owners, or holders through nominees or depositories, of securities beneficially owned by clients, and who are furnished with sufficient copies of any take-over bid circular, issuer bid circular, directors’ or officer’s circular and similar document in respect of such securities, must forthwith send to each beneficial owner a copy of such material if the target company, or other sender of the material, or beneficial owner has agreed to bear the costs of so doing. For guidance with respect to the determination of reasonable fees, reference should be made to the fee schedule forming part of National Policy No. 41 of the Canadian securities commissions.

Stock Exchange Take-Over Bids and Issuer Bids

Sec. 699.19. The requirements for take-over bids and issuer bids through the facilities of the Exchange are set out in Appendix F. By virtue of sections 93(1)(a) and 93(3)(e) of the Ontario Securities Act, a take-over bid or issuer bid is exempted from the requirements of Part XX of that Act where the bid is made through the facilities of the Exchange in accordance with the rules of the Exchange.

J. SHAREHOLDER RIGHTS PLANS

Sec. 699.20. Shareholder rights plans (commonly referred to as “poison pills”) fall under the Exchange’s jurisdiction by virtue of Section 601 which requires listed companies to pre-clear with the Exchange any potential issuance of equity securities. The filing and regulatory requirements of the Exchange regarding poison pills are set out in the Policy Statement on Shareholder Rights Plans in Appendix G of this Company Manual.

K. ODD LOT SELLING AND PURCHASE ARRANGEMENTS

Sec. 699.21. An odd lot of securities is less than a board lot. (A board lot is defined at ¶1400-104.) Listed companies may reduce the number of holders of odd lots by using the procedure set out in the Exchange’s Policy Statement on Small Shareholder Selling and Purchase Arrangements (Appendix D at ¶1450-085).

L. AMENDMENTS TO SHARE CONDITIONS

Sec. 699.22. Any proposed amendment to the provisions attaching to any equity securities of a listed company must be pre-cleared with the Exchange prior to implementation.

M. PUBLIC AVAILABILITY OF DOCUMENTS

Sec. 699.23. Subject to Section 699.24, all notices accepted as filed with the Exchange pursuant to Section 601 and all documents filed in support of such notices or in support of the listing of any securities shall be made available to the public on request and may be published, at the discretion of the Exchange.

Sec. 699.24. The Exchange may hold the documents in confidence so long as the Exchange is of the opinion that the documents so held disclose intimate financial, personal or other information and that the desirability of avoiding disclosure thereof in the interests of any person or company outweighs the desirability of adhering to the general principle that the documents be available to the public for inspection.

N. APPROVAL OF CHANGES IN CAPITAL STRUCTURE

Sec. 699.25. Decisions in respect of the application of this Part VI are made by the Toronto Stock Exchange’s Advisory Affairs Committee. If the Committee does not accept a change submitted under Part VI, the issuer may request that the matter be heard by the Advisory Affairs Committee, with the additional participation of the Senior Vice President of the Toronto Stock Exchange and/or his/her designate. If after being heard, the issuer remains dissatisfied with the decision, the issuer may appeal the decision to a three-person panel of the Toronto Stock Exchange’s Board of Directors.

An issuer may request that the Ontario Securities Commission review the Board’s decision provided that the provisions of Section 21 of the Ontario Securities Act (or any replacement legislation) apply.

Sec. 699.26. Where a Conflict of Interest (as defined in the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.)
or potential Conflict of Interest arises relating to the continued listing on the Exchange of TSX Group Inc. or the continued listing of a Competitor (as defined in the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.), reference should be made to the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.
PART VII
HALTING OF TRADING, SUSPENSION AND DELISTING OF SECURITIES

A. GENERAL

Sec. 701. The Exchange may at any time:
(a) temporarily halt trading in any listed securities; or
(b) suspend from trading or delist a company's securities if the Exchange is satisfied that:
(i) the company has failed to comply with any of the provisions of its Listing Agreement with the Exchange or with any other Exchange requirement; or
(ii) such action is necessary in the public interest.

B. HALTING OF TRADING

Sec. 702. The Exchange may halt trading in the securities of a company for disclosure of material information which requires immediate public disclosure under the Exchange's timely disclosure policy. A halt of trading is a temporary measure which will usually not last more than one hour following the dissemination of the announcement. The Exchange may also temporarily halt trading where such action is deemed to be in the public interest (for example, in order to maintain a fair and orderly market). Refer to Sections 406 to 423.8 for a description of the timely disclosure policy, including more complete information regarding trading halts.

Sec. 703. During the period when trading is halted, no Participating Organization may execute an order in the over-the-counter market.

Trading may also be halted when the market activity indicates that significant news appears to be available to some investors but not to the public at large, and the company either will not, or cannot, make a clarifying statement.

If trading is halted but an announcement is not immediately forthcoming, the Exchange may establish a reopening time, which shall not be later than 24 hours after the time that the halt was imposed (excluding non-business days). The company is urged to make an announcement, but if it will not, the Exchange will issue a notice stating the reason for the trading halt, and that announcement was not immediately forthcoming and that trading will therefore resume at a specific time.

Sec. 704. Trading may also be halted due to failure by the company to comply with requirements of the Exchange. In some cases, a halt may be changed to a suspension.

C. SUSPENSION AND DELISTING

Objective

Sec. 705. The objective of the Exchange's policies regarding continued listing privileges is to facilitate the maintenance of an orderly and effective auction market for securities of a wide variety of companies that are actively engaged in an ongoing business, in which there is a substantial public interest, and that comply with the requirements of the Exchange. The policies are designed and administered in a manner consistent with that objective.

Application of Policy

Sec. 706. The Exchange has adopted certain quantitative and qualitative criteria (the "suspension criteria"), that are outlined in the following sections, under which it will normally consider suspension from trading or delisting of securities. However, no set of criteria can effectively anticipate the unique circumstances which may arise in any given situation. Accordingly, each situation is considered individually on the basis of relevant facts and circumstances. As such, whether or not any of the suspension criteria has become applicable to a listed company or security, the Exchange may, at any time, suspend from trading or delist securities if, in the opinion of the Exchange, such action is consistent with the objective cited above or further dealings in the securities on the Exchange may be prejudicial to the public interest.

Process

Sec. 707. The Exchange examines the affairs and the performance of listed companies to ensure that they are of a standard that merits the continued listing of such companies. If, as a result of such examination, the Exchange determines that any of the suspension criteria outlined in Sections 708 to 712 has become applicable to a listed company or to its securities, the Exchange will notify the company (by telephone or telexed letter) and the market (by ticker notice) that the company is under a suspension review.

The suspension review process will be conducted through either the "Remedial Review Process" or the "Expedited Review Process", as follows:

Sec. 707  ¶1410-719
Part VII — Halting of Trading, Suspension and Delisting of Securities

Remedial Review Process

(a) a company that has been notified that it is under suspension review because of the applicability of any of the suspension criteria set out in Section 708, paragraphs (b) or (c) of Section 710, Section 711 or Section 712 will normally be given up to 120 days from the date of such notification (the "suspension review period") to correct the deficiencies that triggered the suspension review.

Prior to the end of the suspension review period, the Exchange will provide the company with an opportunity to be heard where the company may present submissions to satisfy the Exchange that all deficiencies identified in the Exchange's notice have been rectified and that no other suspension criteria are then applicable to the company, the Exchange will determine to suspend trading in the company's securities.

Upon such determination, the Exchange will issue a written notice to the market to confirm the date that the suspension will be effective, which date will generally be the 30th day after the issuance of such notice.

The Exchange may abridge the term of the suspension review period at any time upon written notice to the company, particularly after the occurrence of any of the events described in Section 708, paragraph (a) of Section 710, or Sections 713 to 717 inclusive. In any such case, the company that is under a suspension review will be provided with an opportunity to be heard on an expedited basis where the company may present submissions as to why its securities should not be suspended from trading. If the company cannot satisfy the Exchange that a suspension is unwarranted, the Exchange will determine to suspend the company's securities from trading as soon as practicable after such hearing.

SUSPENSION CRITERIA

(1) Insolvency

Sec. 708. At such time as the Exchange is advised or becomes aware that a listed company (or any of its significant subsidiaries) has become insolvent or bankrupt or has made an assignment for the benefit of creditors, or a trustee, receiver, liquidator or monitor has been appointed for the company or for a substantial part of its assets; or bankruptcy, reorganization, creditor arrangement or protection, insolvency, liquidation, winding up or similar proceedings (except proceedings which the Exchange considers to be frivolous) are instituted by or against the company under the laws of any jurisdiction, the securities of the company may, at the discretion of the Exchange, be immediately halted from trading on the Exchange.

During the trading halt, or as soon as practicable after the trading halt is lifted, the Exchange shall notify the company that it is under suspension review and is subject to the Expedited Review Process (see Section 707).

(2) Financial Condition and/or Operating Results

Sec. 709. The Exchange will normally consider the suspension from trading or delisting of securities of a company if, in the opinion of the Exchange, the financial condition and/or operating results of the company appear to be unsatisfactory or appear not to warrant continuation of the securities on the trading list.

All Companies

Sec. 710. Specifically, securities of a company may be suspended from trading or delisted if its financial condition is such that, in the opinion of the Exchange, it is questionable as to whether the company will be able to continue as a going concern. The Exchange will consider, among other things, the company's ability to meet its obligations as they come due, as well as its working capital position, quick asset position, total assets, capitalization, cash flow and earnings as well as accountants' or auditors' disclosures in financial statements regarding the company's ability to continue as a going concern; or
Part VII — Halting of Trading, Suspension and Delisting of Securities

(i) the company has ceased, or has expressed an intention to cease, to be actively engaged in any ongoing business; or
(ii) the company has discontinued or divested a substantial portion of its operations, thereby so reducing its business as to no longer merit continued listing; or

Industrial Companies

(b) the company fails to have total assets of at least $3,000,000 and it fails to have revenue from ongoing operations of at least $3,000,000 in the most recent year.

Criterion (b) above does not apply to a research and development company, however, such a company may be suspended from trading or delisted if it has failed to spend at least $1,000,000 on research and development, acceptable to the Exchange, in the most recent year; or

Resource Companies

(c) in the most recent year, the company has failed to carry out at least $350,000 of exploration and/or development work that is acceptable to the Exchange and has failed to generate revenue of at least $3,000,000 from the sale of resource-based commodities; or

(ii) the company does not have adequate working capital and an appropriate capital structure to carry on its business.

Where a company has less than a 100% retained interest in a property, the exploration and/or development expenditure amounts attributable to the company, regardless of who paid them, will be determined based on its percentage ownership.

(3) Market Value and Public Distribution

Sec. 711. The Exchange will normally consider the suspension from trading or delisting of securities of a company if, in the opinion of the Exchange, it appears that the public distribution, price, or trading activity of the securities has been so reduced as to make further dealings in the securities on the Exchange unwarranted.

Sec. 712. Specifically, participating securities may be suspended from trading or delisted if:

(a) the market value of the company’s issued securities that are listed on the Exchange is less than $3,000,000 over any period of 30 consecutive trading days; or

(b) the market value of the company’s freely-tradeable, publicly held securities is less than $2,000,000 over any period of 30 consecutive trading days; or

(c) the number of freely-tradeable, publicly held securities is less than 500,000; or

(d) the number of public security holders, each holding a board lot or more, is less than 150.

Non-participating securities will be subject to (b) above as well as Section 711.

(4) Failure to Comply with Exchange Requirements & Policies

Listing Agreement

Sec. 713. The Exchange may suspend from trading or delist the securities of a company that fails to comply with its Listing Agreement or other agreements with the Exchange, or fails to comply with Exchange requirements and policies. Examples of failure to comply with the Listing Agreement include, but are not limited to, failure to obtain the prior consent of the Exchange to issue additional equity securities; failure to obtain the consent of the Exchange before undergoing a material change in the business if the company is subject to Section 502; and failure to comply with the Exchange’s requirements for stock options and share compensation arrangements.

Disclosure Policies

Sec. 714. The Exchange may suspend from trading or delist the securities of a company that has failed to comply with the Exchange’s Timely Disclosure policy (see Sections 406 to 423.8) or with disclosure requirements under any securities law to which the company is subject. In addition, the Exchange may suspend from trading or delist the securities of a company that is engaged in the business of mineral exploration, development or production if such company has failed to comply with the Exchange’s “Disclosure Standards for Companies Engaged in Mineral Exploration, Development & Production” (see Appendix B).

Payment of Fees or Charges

Sec. 715. The Exchange may suspend from trading or delist the securities of a company that fails or refuses to pay, when due, any fee or charge payable by the company pursuant to Exchange requirements.

Management

Sec. 716. The Exchange requires that each listed company muster on an ongoing basis the management requirements relevant to its category of listing that are described in Section 311 (for...
Industrial Companies), Section 316 (for Mining Companies) and Section 321 (for Oil & Gas Companies). The Exchange may suspend from trading or delist the securities of a company that has failed to meet such management requirements.

(5) Change in Business

Sec. 717. Where a company substantially discontinues its business (for example, through the sale of all or substantially all of its assets in one or more transactions) or changes the nature of its business (for example, through the acquisition of an interest in another business which represents the majority of the market value of the company's assets or which becomes the principal operating enterprise of the company), the Exchange will normally require that the company meet original listing requirements. Failure of the company to meet these requirements may result in the suspension or delisting of its securities.

REQUIREMENTS APPLICABLE TO SECURITIES UNDER SUSPENSION

Trading

Sec. 718. Securities under suspension are not acceptable for margin purposes by Participating Organizations; but Participating Organizations are normally permitted to execute orders in such securities in the over-the-counter market if the securities are not the subject of a cease trading order of a securities commission in the relevant jurisdiction.

Filing Requirements

Sec. 719. While the securities of a company are suspended from trading, the company remains subject to all Exchange requirements, including compliance with the provisions of Sections 502 and 601, regardless of whether the company had been exempted from the requirements of Section 502 prior to suspension. Companies whose securities are suspended from trading are not required to pay the sustaining fee covering the period of suspension.

Change In Control

Sec. 720. If there is a change in effective control of a company while its securities are suspended from trading on the Exchange, the securities of the company will be delisted unless the company provides evidence, satisfactory to the Exchange, that it meets the requirements for original listing on the Exchange at the time of the change in control. The approval procedure is similar to that of an original listing application. A completed Listing Application may be required by the Exchange in connection with the change in control transaction.

REINSTATEMENT OF TRADING PRIVILEGES

Sec. 721. A company whose securities are suspended from trading must remedy all of the conditions which resulted in the suspension and must meet the Exchange's requirements for original listing in order to be considered for reinstatement of trading privileges. The Exchange will consider each application individually on the basis of all relevant facts and circumstances.

DELISTING ONE YEAR AFTER DATE OF SUSPENSION

Sec. 722. Securities which have been suspended from trading for a period of one year and which have not been approved for reinstatement by the Exchange will be delisted at that time. It is the responsibility of the listed company to obtain the Exchange's approval for reinstatement of trading privileges within this period of time.

VOLUNTARY DELISTING

Sec. 723. A company wishing to have all its listed securities, or any class of its securities, delisted from the Exchange must apply formally to the Exchange to do so. The application should take the form of a letter addressed to the Toronto Stock Exchange. The letter should outline the reasons for the request and be accompanied by a certified copy of a resolution of the company's board of directors authorizing the request.

REVIEW OF SUSPENSION AND DELISTING DECISIONS

Sec. 724. Decisions in respect of the application of this Part VII are made by either the Listings Committee or the Advisory Affairs Committee. If an issuer wishes to contest a decision made under Part VII, the issuer may request that the matter be heard by the relevant committee, with the additional participation of the Senior Vice President of the Toronto Stock Exchange and/or his/her designate. If after being heard, the issuer remains dissatisfied with the decision, the issuer may appeal the decision to a three-person panel of the Toronto Stock Exchange's Board of Directors.

An issuer may request that the Ontario Securities Commission review the Board's decision provided that the provisions of Section 21 of the Ontario Securities Act (or any replacement legislation) apply.
Part VII — Halting of Trading, Suspension and Delisting of Securities

Sec. 724.1. Where a Conflict of Interest (as defined in the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.) or potential Conflict of Interest arises relating to the continued listing on the Exchange of TSX Group Inc. or the continued listing of a Competitor (as defined in the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.), reference should be made to the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.
PART VIII
FEES PAYABLE BY LISTED COMPANIES

A. DEFINITIONS

<table>
<thead>
<tr>
<th>Listing Capitalization Range</th>
<th>Fixed Fee</th>
<th>Variable Fee/SM/M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $15 million</td>
<td>$15,000</td>
<td></td>
</tr>
<tr>
<td>Over $15 million</td>
<td>$15,000 +</td>
<td>$1,200</td>
</tr>
<tr>
<td>Maximum Fee</td>
<td>$150,000</td>
<td></td>
</tr>
</tbody>
</table>

For Initial Public Offerings, the fee shall be based on Fee Schedule 1, where the Issue Price of the Offering shall be used to calculate Listing Capitalization.

For transfers from other exchanges, the fee shall be based on Fee Schedule 1, where Market Price shall be used to calculate Listing Capitalization.

The fee to list the shares underlying warrants shall be based on Fee Schedule 1, where the exercise price per share to acquire the underlying shares shall be used to calculate Listing Capitalization. In the event the warrant specifies varying exercise prices, the exercise price of the first exercise period is to be used.

The fee to list the shares underlying convertible securities shall be based on Fee Schedule 1, where the conversion price per share to acquire the underlying shares shall be used to calculate Listing Capitalization.

TSX Company Manual

Sec. 802. Original listing applications submitted to TSX must be accompanied by a non-refundable application fee of $5,000.

Sec. 803. The listing fee, calculated separately for each class of shares to be listed, shall be comprised of a base charge of $15,000 plus an assessment of the Listing Capitalization of the shares to be listed by the company. The assessment of Listing Capitalization is at the rate of $1,200 for each $1,000,000 of Listing Capitalization or part thereof over $15,000,000 (subject to a maximum fee of $150,000). (Fee Schedule 1).

Sec. 804. Where Market Price or Issue Price are unavailable, as in the case of a new entity created by a listed company (e.g. corporate “spin-off”), the company will be required to deposit with TSX the maximum fee, subject to subsequent adjustment. The fee shall be based on Fee Schedule 1, where the volume weighted average trading price for the first five days trading of the new entity’s shares on TSX shall be used to calculate Listing Capitalization.

If less than 5% of the shares to be listed are held in Canada, refer to Section 812.

Sec. 804 ¶1410-904
C. ADDITIONAL LISTINGS

Sec. 805. Where, after an initial listing, additional shares of a listed class are to be listed, the fee for listing the additional shares, calculated separately for each class of listed shares, shall be comprised of a base charge of $1,000 plus an assessment of the Listing Capitalization of the shares to be listed by the company. The assessment of Listing Capitalization is at the rate of $1,200 per each $1,000,000 of Listing Capitalization or part thereof over $1,000,000 (subject to a maximum fee of $125,000). (Fee Schedule 2).

Issue Price or Market Price, as appropriate, shall be used to calculate Listing Capitalization.

**Fee Schedule 2**

<table>
<thead>
<tr>
<th>Listing Capitalization Range</th>
<th>Fixed Fee</th>
<th>Variable Fee/MM Listing Capitalization Over $1MM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $1 million</td>
<td>$1,000</td>
<td></td>
</tr>
<tr>
<td>Over $1 million</td>
<td>$1,000 +</td>
<td>$1,200</td>
</tr>
<tr>
<td>Maximum Fee</td>
<td>$125,000</td>
<td></td>
</tr>
</tbody>
</table>

The fee to list the shares underlying warrants shall be based on Fee Schedule 2, where the exercise price per share to acquire the underlying shares shall be used to calculate Listing Capitalization. In the event the warrant specifies varying exercise prices, the exercise price of the first exercise period is to be used.

The fee to list the shares underlying convertible securities shall be based on Fee Schedule 2, where the conversion price per share to acquire the underlying shares shall be used to calculate Listing Capitalization.

The fee to list non-convertible debentures shall be based on Fee Schedule 2, where Issue Price per debenture shall be used to calculate Listing Capitalization.

Sec. 806. Where Market Price or Issue Price are deemed inappropriate by TSX, due to significant changes occurring in the listed entity (e.g. backdoor listing), the company will be required to deposit with TSX the maximum fee, subject to subsequent adjustment. The fee shall be based on Fee Schedule 2, where the volume weighted average trading price for the first five days trading of the new entity’s shares on TSX shall be used to calculate Listing Capitalization.

D. SUBSTITUTIONAL LISTINGS

Sec. 808. Where, after an initial listing, shares are to be split, subdivided, or otherwise changed, except as set out below, the fee for listing all substituted shares, in excess of the number of shares already listed, shall be based on Fee Schedule 2, subject to a minimum fee of $3,000. The Market Price of the shares already listed, divided by the “split factor”, shall be used to calculate Listing Capitalization.

Where, after an initial listing, the capitalization is to be reduced so as to result in a consolidation of shares, the fee for listing the consolidated shares shall be $4,000.

Where there is to be a change in the classification or name of a listed class of shares without a change in the number of shares issued and outstanding or authorized for issuance for a specific purpose, the fee shall be $2,000.

Where the name of a company is to be changed without any change in capital structure, the fee shall be $2,000.

Where the stock symbol of a company is to be changed without any change in the name of the company or other change in capital structure, the fee shall be $1,000.

E. SUPPLEMENTAL LISTINGS

Sec. 809. Where, after an initial listing of shares of a company, shares of the company are to be listed and such shares are not of a class already listed, the fee shall be based on Fee Schedule 2, where the Issue Price shall be used to calculate Listing Capitalization.
F. LISTING OF WARRANTS

Sec. 810. For each series of warrants to be listed, the fee shall be $3,000.

G. LISTING OF CONVERTIBLE SECURITIES

Sec. 811. For each series of convertible securities to be listed, the fee shall be $3,000.

H. LISTING OF SHARES PRIMARILY HELD OUTSIDE OF CANADA

Sec. 812. Where less than 5% of the issued and outstanding shares of the company are owned by residents of Canada, the price per share used to calculate Listing Capitalization shall be as per the applicable sections, above. For original and supplemental listings, Fee Schedule 3 shall apply.

Fee Schedule 3

<table>
<thead>
<tr>
<th>Listing Capitalization Range</th>
<th>Fixed Fee</th>
<th>Variable Fee/$MM Listing Capitalization Over $15MM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $15 million</td>
<td>$15,000</td>
<td></td>
</tr>
<tr>
<td>Over $15 million</td>
<td>$15,000+</td>
<td>$600</td>
</tr>
<tr>
<td>Maximum Fee</td>
<td>$95,000</td>
<td></td>
</tr>
</tbody>
</table>

For additional and substitutional listings, Fee Schedule 4 shall apply.

Fee Schedule 4

<table>
<thead>
<tr>
<th>Listing Capitalization Range</th>
<th>Fixed Fee</th>
<th>Variable Fee/$MM Listing Capitalization Over $1-MM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $15 million</td>
<td>$1,000</td>
<td></td>
</tr>
<tr>
<td>Over $15 million</td>
<td>$1,000+</td>
<td>$600</td>
</tr>
<tr>
<td>Maximum Fee</td>
<td>$40,000</td>
<td></td>
</tr>
</tbody>
</table>

I. FILING FEES

Sec. 813. A fee of $1,000 shall be payable to TSX by a listed company upon acceptance of a notice filed pursuant to Section 601 regarding treasury securities if no additional fee is payable.

TSX Company Manual

A fee of $1,000 shall be payable to TSX for its review of: (i) any shareholder rights plan; and (ii) any amendment to a shareholder rights plan which has been adopted by a listed company.

J. EXTRAORDINARY CIRCUMSTANCES

Sec. 814. TSX reserves the right to charge additional fees in extraordinary circumstances where an inordinate amount of time is required to process an application or a filing.

K. RECOVERY OF EXPENSES

Sec. 815. TSX may levy charges to cover expenses that it has incurred relating to due diligence, research or assessment procedures which TSX deems necessary in connection with any notice or application that has been filed, or that in the opinion of TSX ought to have been filed, pursuant to any Section or Appendix of this Manual. These charges may include, but are not limited to, expenses associated with investigations of the background of companies or their officers, directors or major shareholders.

L. SUSTAINING FEE

Sec. 816. The annual sustaining fee pertains to all listed companies. The fee is comprised of a base charge of $8,000 plus an assessment on the market value of the company’s issued listed securities as at the end of the preceding calendar year. This assessment is calculated separately for each class of listed securities at the rate of $380 for each $5,000,000 of market value or part thereof. Statements covering the fees payable are sent to the listed companies prior to the end of February. Companies listed during the course of the year will be charged a sustaining fee on a pro rata basis, based on the market value of the company’s issued listed securities at the time of listing. Companies delisted during the first six months of a calendar year will be entitled to a refund of one-half of the sustaining fee for that year.

Minimum Fee: $8,380
Maximum Fee: $65,000 (Non-Canadian Companies: $40,000)

The fees set out in this Part VIII do not include the Canadian Goods and Services Tax, which Canadian issuers must remit with the fee payment.

Effective Date: January 1, 2004.
PART IX
DEALING WITH THE NEWS MEDIA

A. GENERAL

Sec. 901. Listed companies are frequently called upon to deal with the media in matters relating to day-to-day company developments. Generally, if given all available information, news writers will reciprocate with a straightforward reporting of the company's business. Successful companies recognize that the media provide an effective extension of their lines of communication.

Sec. 902. Many listed companies have well-organized public relations departments which effectively carry out standard company disclosure policies. While the following comments may be of interest to such companies, they will be more pertinent to companies which, because they have no such permanent staff, are relatively unfamiliar with such matters. This is particularly true of newly listed companies. They may find that for the first time, as a result of the public attention which their listing now commands, they receive many more enquiries from the media.

Sec. 903. The media have demonstrated a growing awareness of the business world and have taken an increased interest in reporting on this area. It can be expected that this trend will continue. A number of Canadian daily newspapers carry company news in separate business sections. Such business sections are very significant factors in providing continuous, sound and prompt reporting of events affecting the equity markets.

Sec. 904. The broadened national coverage of financial news by the media in Canada reflects an increased public demand for financial and business information. A contributing factor to this increased public interest is a growing public participation in the equity markets, a trend which is fostered by the year-to-year growth in Canada's population.

Sec. 905. Wider coverage of financial news is made possible in part as a result of disclosure requirements now imposed on companies by stock exchanges and governments. Moreover, companies are voluntarily making such information available, because it is recognized that, in the long run, this practice is in the best interests of the company and its security holders.

B. NOTIFYING THE FINANCIAL MEDIA

Sec. 906. Regardless of when an announcement involving material information is released, Market Surveillance must be advised of its content and supplied with a copy in advance of its release. Market Surveillance must also be advised of the proposed method of dissemination. Market Surveillance must be advised by telephone in advance if an announcement is ready to be made during trading hours, and submission of a written copy of the release must follow. Where an announcement is to be released after the Exchange has closed, Market Surveillance should be advised before trading opens on the next trading day. Copies may be faxed or hand delivered to Market Surveillance. 145 King Street West, Suite 900, Toronto, Ontario, M5H 1J8.

Sec. 907. The Exchange's timely disclosure policy (Sections 406 to 423.4) makes it desirable that an officer of a company, in handling news arising from important decisions by the board of directors, leave the board meeting and contact Market Surveillance by telephone in order that the Exchange may determine whether a halt in trading is necessary prior to public release of the information. The news should then be reported to the financial media by a TSX recognized full text news service. To release information after the adjournment of the meeting may not prove to be the most satisfactory procedure. If possible, it is preferable to schedule meetings of boards of directors after the Exchange has closed for the day, so that disclosure can be made when the market is closed. This allows for more complete dissemination of the news, provides a greater opportunity for the investment community and the public to assess the significance of the news and minimizes the risk of misinterpretation of media coverage of the news before trading of the company's securities resumes in the market.

Sec. 908. An immediate statement containing the major points is the first objective. Additional details can follow in a news release. When several significant actions are resolved at one meeting, they should all be given immediate release, so that the total implications may be judged by the public.

Under the Exchange's timely disclosure policy, further developments must be reported just as
Part IX — Dealing with the News Media

12—1-03

promptly as the original notice. Since many developments are disclosed at the proposal stage, further announcements are required when the decision is made to proceed with the development. Updates are required at least every 30 days or at a date designated for an update in the initial announcement.

Sec. 909. In addition to the requirements of the Exchange, companies should be familiar with applicable securities law relating to timely disclosure. See, for example, sections 75 and 76 of the Securities Act of Ontario.

News Services and Publications

Sec. 910. As a matter of routine procedure, all information of importance should be released as quickly as circumstances permit, and to as broad an audience as possible. After notification to Market Surveillance, a news release must be transmitted to the media by the quickest possible method, and by one that provides the widest dissemination possible. To ensure that the entire financial community is aware of the news at the same time, the Exchange’s timely disclosure policy requires that a wire service (or combination of services) be used which provides national and simultaneous coverage of the full text of the release to the national financial press and daily newspapers that provide regular coverage of financial news, to all Participating Organizations and to all relevant regulatory bodies. If the officials of a listed company have any questions about the acceptability of a particular means of dissemination, they should contact Market Surveillance. A list of key segments of the news media is set out below.

A) Paid Distribution News Services (providing full text coverage)

- Canada NewsWire
  - (416) 863-9350 FAX (416) 863-9429
  - (514) 878-2520 FAX (514) 878-9985

- CCN Matthews
  - (416) 362-0885 FAX (416) 362-9693
  - (514) 861-7801 FAX (514) 861-7738

- Infotrack
  - (416) 504-8805 FAX (416) 504-8313

B) Financial News Services

- Dow Jones (Toronto)
  - (416) 943-7500 FAX (416) 365-1459
  - (514) 875-2570 FAX (514) 875-0650

- Dow Jones (Montréal)
  - (416) 941-8100 FAX (416) 869-3436

- Reuters (Toronto)
  - (514) 985-2434 FAX (514) 287-0815

- Reuters (Montréal)
  - (514) 985-2434 FAX (514) 287-0815

- Bloomberg News
  - (416) 364-7300 FAX (416) 364-8331

- Canadian Press (Toronto)
  - (416) 364-0207 FAX (416) 364-0207

- Canadian Press (Montréal)
  - (514) 849-6154 FAX (514) 282-6915

These news ticker services transmit information to the financial community in Canada, the United States and other countries.

C) Some Prominent Canadian Publications Providing National News Coverage

1. The Globe and Mail
2. The National Post
3. The Toronto Star
4. The Vancouver Sun
5. The Montreal Gazette
6. La Presse
7. Les Affaires
8. Calgary Herald
9. Edmonton Journal
10. Northern Miner
11. The Halifax Chronicle Herald

12. The Winnipeg Free Press
13. The Leader-Post (Regina)
14. The London Free Press

Sec. 911. A telephone call to the major dailies regarding a news release will ensure that if there is sufficient time remaining before the next edition, these papers will have an opportunity to report on the items covered by the news release.

A telephone call to the weekly financial publications regarding news releases is a sound practice. It may be that the publication date of one or more of these publications is close to the release time of a press statement. A telephone call may make the difference as to whether coverage is immediately achieved in these publications. Coverage of a news item in the weekly financial press may be somewhat reduced if a full week elapses before a news item can be reported.
Part IX — Dealing with the News Media

Sec. 912. Many companies notify additional news media — local newspapers, radio, television and foreign publications. The Exchange encourages this practice, provided that the main news services and key Canadian newspapers are given immediate attention.

Rules of Thumb for Release of Information

Sec. 913. All material company developments must be classified as subject to immediate release. This helps to eliminate any tardiness in bringing events out into the open where the public can assess them. Moreover, it avoids releases with fixed release times. It is the policy of some newspapers not to observe such restrictions.

Sec. 914. Bad news must be disclosed just as promptly and fully as good news. Unwillingness to release a negative story, a disguising of unfavourable news, or a partial release can endanger a company's reputation. Such actions may encourage the public to view all company announcements with distrust. News releases should be explicit, and should accurately reflect corporate news.

Sec. 915. Regarding specific requests for information, not only from the press but also from security analysts, security holders, and others who have a legitimate interest in a company's business, the Exchange recommends that a listed company maintain a policy of full co-operation, even though it may seem burdensome at times.

Such a policy builds up goodwill, and thus contributes to a positive attitude towards a company.

Sec. 916. The Exchange recommends that:

(a) a company not give to one inquirer facts which it would not give to another; this can result in bad publicity and lasting resentment;

(b) a company not give out facts to market analysts or individuals which it would not willingly give to the press, or make public; and

(c) one or more key executives be delegated to speak for the company in all matters relating to the public interest; this practice helps to ensure that all disclosure is consistent and is handled capably; should the person normally giving out company information go on vacation or on a business trip, prior arrangements should be made for another qualified officer to assume his or her responsibilities.
APPENDIX A

ORIGINAL LISTING APPLICATION

1450-001

Listing application instructions

The Toronto Stock Exchange (the "TSX") has established separate requirements for three categories of issuers: industrial (general), mining, and oil and gas. Every issuer applying to list can use this application. Please prepare the application using the format set out. Questions should not be omitted or left unanswered; nor should the sequence be altered. Questions may be answered by reference to a supporting document with the prior approval of the TSX.

When the listing application is being submitted at the same time as securities are being qualified for distribution by a prospectus, the Applicant may use the preliminary prospectus as the disclosure document to obtain conditional approval. The TSX will require 35 copies of the preliminary prospectus. As part of the final listing materials, the Applicant must, however, submit an executed listing application. This listing application may be completed by reference to the final prospectus, which must be attached to, and form part of this listing application.

As part of the listing materials, please complete the attached "Checklist of Documents to be Filed" (the "Checklist"). This checklist should be signed by an officer of the Applicant to certify that all required materials have been provided. Companies that are applying from the TSX Venture Exchange may be exempt from filing certain documents, as detailed in the Checklist.

Listing applications and some documentation can now be filed through SEDAR, System for Electronic Document Analysis and Retrieval, Canada’s electronic system for filing securities documents of public companies and mutual funds. Please refer to the attached Checklist for a detailed list of documents that may be filed through SEDAR. Visit www.sedar.com to learn more about the process for filing electronically.

This application form is available on the Web at www.tsx.com. For more information on the completion of the listing application, the listing criteria, or the listing process, please call (416) 947-4533, or email listingsadvisory@tsx.com.
Listing application cover page

Provide a cover page

Logo of Applicant

Name of Applicant
Appendix A

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Appendix A

1.0 General Information

1.1 Legal name of Applicant

1.2 Head office address
Include telephone number, toll free number, facsimile number, email address, and Web site address, if applicable. (If the head office address differs from the principal office address, provide both addresses).

1.3 Class(es) of securities to be listed

1.4 CUSIP number(s)

1.5 North American Industrial Classification System (NAICS) Code
Provide NAICS codes for the major sectors in which the Applicant operates. Statistics Canada provides a list of NAICS codes in catalogue 12-501-XCB (CD-Rom) or 12-501-XPE (paper), or free on their Web site. For more information, call Statistics Canada at 416.973.6586 or 800.263.1136 or visit http://www.statcan.ca/english/Subjects/Standard/manuals.htm.

1.6 Current markets for all securities of Applicant
(Include those markets where listing is applied for concurrently and those where securities have previously been listed and/or quoted.)

<table>
<thead>
<tr>
<th>Class of security</th>
<th>Name of market</th>
<th>Trading symbol</th>
<th>Date of listing</th>
</tr>
</thead>
</table>

1.7 Jurisdictions in which the Applicant is a reporting issuer
(i.e., required to file financial statements and other continuous disclosure documents)

1.8 History
Provide a brief chronological history of the Applicant from its incorporation or organization to the date of this application. Include details of the legal instruments and jurisdictions of incorporation or organization, name changes, and changes in authorized capitalization and dates of these events.

1.9 Legal counsel to the Applicant

1.10 Auditors of the Applicant

2.0 Information about business

2.1 Description of business
The TSX expects the business description to contain disclosure similar to that required for a prospectus. Briefly describe the business engaged in by the Applicant and its subsidiaries and the general development of the business during the last five years. Include information about:
• Products and services provided
• Competitors, suppliers and customers and reliance upon such
• Strategic plans
• Industry as a whole, its growth forecast and the Applicant’s position within the industry
• Material changes which have occurred in the past two years, including acquisitions, reorganizations or dispositions of assets, and the impact of these changes on the operating results and financial position
• Risk factors and uncertainties which the Applicant faces.

Provide management’s discussion and analysis (MD&A) of the financial condition, changes in financial condition, results of operations for the last two complete fiscal years and the most recent interim period, and the liquidity and capital resources of the company.

MD&A should explain in narrative the current financial situation of the Applicant as well as known material trends, commitments, risks and uncertainties. Discussion of liquidity and capital resources should focus on the ability of the Applicant to meet its cash requirements both in the short term and long term.
Appendix A

2.2 Date of first public distribution
Date of first public distribution of Applicant’s securities that are to be listed

2.3 Fiscal year-end

2.4 Date of most recent annual meeting

2.5 Date and type of most recent financial report to securityholders

2.6 Dividends and other distributions
For all classes of securities, provide the following information for any dividend or other distribution during the last five years.
(Adjust for any changes in capitalization (i.e. stock splits or consolidations) during the period.)

<table>
<thead>
<tr>
<th>Class of Security</th>
<th>Date of distribution</th>
<th>Payment per security</th>
<th>Total cash payment</th>
<th>Total non-cash payment</th>
</tr>
</thead>
</table>

2.7 Current policy on paying dividends or distributions

2.8 Officers and directors
List each officer and director. For each individual, provide the following information:
• Name
• Municipality of home address
• Position with Applicant
• Date of appointment
• Number of each class of Applicant’s securities beneficially owned, directly or indirectly, or controlled.
• Number of securities which would be held, by each class of the Applicant’s securities, on a fully-diluted basis. Provide a breakdown by each type of security currently held which is exercisable/convertible in the class.
• Professional qualifications, designations and memberships in business-related associations
• Experience and technical expertise pertinent to Applicant’s business
• Names of public companies that the individual is, or has been, an officer, director or beneficial owner of securities with more than a 10% voting position during the past five years. State the start date and end date, if applicable.
• Details about principal businesses where the individual has been employed or primarily involved during the last five years. Include name of business, position or title, and term of employment or association.
• Director Classification – independent, insider, nominee of insider (name insider).

2.9 Committees of the Board of Directors
List the committees of the Board of Directors. Describe the mandate of each committee and its composition.

2.10 Investor Relations
Provide the name(s), phone number(s) and email address(es) of the individual(s) serving as the principal contact(s) for investor relations purposes.
Appendix A

3.0 Information about securities

3.1 Securities Issued
Except where indicated otherwise, the following information is dated as at: (day, month, year)

<table>
<thead>
<tr>
<th>Class of security</th>
<th>Total number authorized</th>
<th>Total number issued</th>
<th>Total authorized to be issued for a specific purpose</th>
<th>Total to be listed</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
<td>A + B</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.1.2 Securities not to be listed

<table>
<thead>
<tr>
<th>Class of security</th>
<th>Total number authorized</th>
<th>Total number issued</th>
<th>Total authorized to be issued for a specific purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
<td>A + B</td>
<td></td>
</tr>
</tbody>
</table>

3.1.3 Securities acquired
If the Applicant has acquired its own securities and the securities have neither been cancelled nor reissued, provide the following details:

<table>
<thead>
<tr>
<th>Transaction date</th>
<th>Class of security</th>
<th>Number acquired</th>
<th>Total purchase price</th>
<th>Reason for acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.2 Securities provisions
For all classes of securities, including those to be listed and others – except for common shares if Applicant has only one authorized class of common shares – describe any rights, preferences, and conversion or other privileges and priorities.

If there have ever been changes to the authorized capitalization, give details, including dates.

3.3 Securities sold for cash
For each class of security, provide the following information for each security issuance for cash. Show total number of securities and total net proceeds received at the end of the table: (Securities issued more than five years before the date of this application may be added together. Indicate with an asterisk (*) beside the date, those security issuances that cannot be freely traded.)

<table>
<thead>
<tr>
<th>Class of security:</th>
<th>Date</th>
<th>Method of sale</th>
<th>Price per security</th>
<th>Number of securities</th>
<th>Net amount received by Applicant</th>
<th>How proceeds were used</th>
<th>Name of dealer or firm which acted as agent or underwriter, if applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.4 Securities issued for consideration other than cash
For each class of security, provide the following information for all securities issued for non-cash payment. Show total number of securities and the total value of the payment received at the end of the table: (Securities issued more than five years before the date of this application may be added together. Indicate with an asterisk (*) beside the date, the security issuances that cannot be freely traded.)

<table>
<thead>
<tr>
<th>Class of security:</th>
<th>Date</th>
<th>Price per security</th>
<th>Number of securities</th>
<th>Value of payment received</th>
<th>Consideration received</th>
<th>Recipient of securities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 The number of issued securities for each class of security to be listed should correspond to each of the following: the sum of the number of securities in items 3.3 and 3.4; the total issued capital in 3.7.1; and the total number of securities in 3.7.2.
3.5 Payments to promoters
Provide details of any payment in cash or securities made, or to be made, to a promoter or finder in connection with a financing or property acquisition. For each promoter provide name, municipality of residence and relationship to the Applicant.

3.6 Future issuances of securities

3.6.1 Securities authorized for issuance for a specific purpose
For all securities which the Applicant may be required to issue, provide the following information: (The securities must be identified in this section or the TSX will not consider them as authorized for issuance for a specific purpose as at the date of this application.)

<table>
<thead>
<tr>
<th>Class of security:</th>
<th>Number authorized</th>
<th>Purpose of authorization</th>
<th>Description of terms and conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Include dates of agreements or option grants¹, exercise or conversion prices, market price of security on date of grant and expiry dates. State if, as a result of exercise or conversion, a person or company would acquire a voting position in the Applicant of greater than 10%.</td>
</tr>
</tbody>
</table>

3.6.2 Description of share compensation arrangements
Summarize all share compensation arrangements which the Applicant has in place, including stock option plans, employee stock purchase plans and stock appreciation rights, performance plans where securities are issued or securities are issued in lieu of cash. For each type of plan, describe the major provisions including:
- Eligible participants and relationship with the Applicant
- Number of securities reserved for issuance
- Vesting policies
- Limitations on participation
- Establishment of exercise price
- Maximum term of option
- Availability of financial assistance from Applicant

3.6.3 Potential issuances of securities
If any security issuances are contemplated, provide details.

3.7 Distribution of securities

3.7.1 Issued capital
Complete for each class of security to be listed

¹ For example, include total number of shares which can be issued pursuant to outstanding warrants, convertible debentures, stock option plans, share purchase plans, conversion of another share class.

² List the total number of options outstanding by grant date and exercise price. Do not list each grant individually. Details about individual grants should be included in the documents to be filed. (See “Checklist of documents to be filed,” item 6.)
### Appendix A

#### 3.7.2 Registered securityholders

This information should be based on the securityholders’ register.

<table>
<thead>
<tr>
<th>Class of security</th>
<th>Size of holding</th>
<th>Number of holders</th>
<th>Total number of securities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 - 99 securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100 - 499 securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>500 - 999 securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,000 - 1,999 securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,000 - 2,999 securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,000 - 3,999 securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,000 - 4,999 securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,000 or more securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**3.7.3 Non-registered securityholders**

Applicants with less than 300 public registered board lot holders must provide written confirmations from registered holders, or their nominees, verifying that they hold freely tradable securities on behalf of a sufficient number of clients to meet the 300 public board lot holder requirement.

<table>
<thead>
<tr>
<th>Class of security</th>
<th>Size of board lot 6:</th>
<th>Name of registered holder</th>
<th>Number of separate, beneficial public board lot holders</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

4. The number of securities not freely tradable equals the total number of securities subject to escrow, pooling agreements or other hold periods as of the date of this application as listed in item 3.10. 
5. This number should agree with the figure reported in Section 3.1.1 and the Applicant’s registered securityholders’ list. 
6. A board lot for securities trading between $0.10 and $0.99 per security is 500 securities. A board lot for securities trading at $1.00 or more is 100 securities.
### Appendix A

#### 3.8 Largest registered securityholders
For each class of security to be listed, provide the following information for each of the 10 largest registered securityholders:

<table>
<thead>
<tr>
<th>Class of security</th>
<th>Beneficial owner(s)</th>
<th>Number of securities held in escrow</th>
<th>Total number of securities held</th>
<th>Percentage of issued securities of this class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name and address of securityholder</td>
<td>(if not known, state here)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 3.9 Significant beneficial securityholders
For each person, company or other entity owning or controlling, directly or indirectly, securities carrying more than 10% of the votes attached to all outstanding voting securities of the Applicant or those which would acquire a voting position of greater than 10% as a result of exercising or converting securities listed in 3.6.1, provide the following information:

(Where the securityholder is a company, limited partnership, trust or other entity, append a list of the officers and directors, and parties with direct or indirect voting control of that entity.)

<table>
<thead>
<tr>
<th>Class of security</th>
<th>Beneficial owner and address</th>
<th>Nominee account (if applicable)</th>
<th>Number of securities</th>
<th>Percentage of issued securities of this class</th>
</tr>
</thead>
</table>

#### 3.10 Securities not freely tradable
Provide the following information for all securities to be listed that are pooled, held in escrow, non-transferable at the time of listing (e.g., subject to a hold period), or held under a voting trust agreement, syndicate agreement or similar agreement:

- Date of agreement
- Nature of agreement
- Number of securities originally covered by the agreement
- Name and address of institution holding the securities
- Terms and conditions of release
- Number of securities subject to the agreement or hold period as of the date of this application

#### 3.11 Securityholders with a 10% interest in pooled or escrowed securities
Provide the following information for those securityholders who beneficially own or exercise control or direction over, directly or indirectly, more than a 10% interest in pooled or escrowed securities:

(If the securities are registered in the names of nominees or in street names, list those people who have more than a 10% beneficial ownership in those securities.)

<table>
<thead>
<tr>
<th>Name and address</th>
<th>Beneficial ownership (if you do not know the beneficial ownership, state here)</th>
<th>Number of securities held in escrow</th>
<th>Percentage of securities held in escrow</th>
</tr>
</thead>
</table>
Appendix A

4.0 Holdings and Activities

4.1 Subsidiaries
For each direct or indirect subsidiary of the Applicant, provide the following information:

<table>
<thead>
<tr>
<th>Name and head office address</th>
<th>Jurisdiction of incorporation or organization</th>
<th>Percentage owned</th>
<th>Nature of business</th>
<th>If publicly traded, list the market(s) where traded</th>
</tr>
</thead>
</table>

4.2 Investments in securities of other companies
For any securities of other companies that the Applicant holds, excluding subsidiaries listed in 4.1, provide the following information:

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Type and number of securities</th>
<th>Book value</th>
<th>Market value</th>
<th>If publicly traded, list the market(s) where traded</th>
</tr>
</thead>
</table>

4.3 Properties
List the principal locations where the Applicant conducts its business and explain how the properties are used (e.g., warehouse, sales office, field office, mine site office, plant site):

<table>
<thead>
<tr>
<th>Municipality or region</th>
<th>Use of property</th>
<th>Owned or leased</th>
</tr>
</thead>
</table>

4.4 Research and development companies
(Only complete if qualifying under the Industrial (General) category as an R&D company)

For each product which the Applicant is researching and/or developing, provide the following:
- Description of product and potential applications
- Stage of development
- Plan for development, expected timeframe and milestones
- Process to receive regulatory approval and current status of product in regulatory process
- Prospects for commercialization including potential market for the product, competing products
- Description of intellectual property rights including patents, trademarks and royalties on product
- Description of strategic alliances, joint ventures, licence agreements or marketing arrangements with industry participants
- Other commercial or technical endorsements of the product from recognized institutions or industry participants.

Other Information:
- List of members of Applicant’s scientific advisory board and their qualifications
- Description of the Applicant’s facilities including laboratories and production facilities.

Mining and oil and gas companies: Properties

4.5.1 All mineral properties
For all the mineral properties in which the Applicant holds an interest, provide the following information:
- Geographic location (e.g., 50 km. north of Val d’Or, Quebec), claim, concession or permit numbers, and state, if they are patented or unpatented and if they are contiguous
- Acreage
- Percentage ownership
- Description of existing and proposed option, joint venture, royalty and other agreements covering the Applicant’s properties, including status of each and potential impact on percentage ownership
- Status of land tenure, including expiry date of claims, licenses and other tenure rights and the terms for maintaining the mineral rights
- Provide any information about legal impediments, including existing or pending challenges to claims
- All environmental legislation to which the property is subject, to the extent known
Appendix A

4.5.2 Significant mineral properties

For each significant mineral property in which the Applicant holds an interest, provide the following information in addition to that given under 4.5.1:

- Geological setting, including age and type of rocks, and association with a mining camp
- Main mineral occurrences and commodities
- Description of infrastructure, including all plants and equipment, access, electricity, water, etc.
- All previous and current work on the property by the Applicant including date of work, results and an interpretation of the exploration information
- Names of previous owners and a summary of all work done on the property by previous operators, including results
- Details on any production to date, by owner and by year
- For producing properties, a summary of operating information for the previous 24 months, including production summaries, sales, costs and current reserves
- Known reserves and resources, including quality, quantity and classification, categorized according to the Canadian securities commissions’ National Instrument 43-101, date of report and technical author. Discuss nature and extent of any metallurgical, environmental, permitting, infrastructure, mining, legal, title, marketing or political, or other issues that might affect the resource or reserve estimates or economic feasibility of the project
- Results of any metallurgical test work conducted
- Any planned exploration or development programs, including proposed schedule, a budget of estimated costs and, if an operating mine, the estimated annual revenues
- Description of any environmental plan, and cost to implement this plan
- List technical reports completed within the last 24 months (prepared by qualified independent mining engineers or geologists) including date, author, investigations undertaken to produce the report, date of any site visit and description of procedures performed. Indicate with an asterisk (*) those reports which were submitted with the application.

4.5.3 Oil and gas properties and assets

For oil and gas properties in which the Applicant holds an interest, provide the following information:

- Author, date and title of technical report(s) (prepared by independent registered professional engineer or geologist in accordance with National Instrument 51-101) accompanying the application, including general description of investigations and procedures undertaken to prepare the reports
- A detailed progress report and results of drilling activities since last reporting date
- Gross and net oil, natural gas liquids, natural gas, sulphur and other reserves defined by reserve category, (i.e., "proved developed producing," "proved developed non-producing," "proven undeveloped," and "probable additional,"*) and by property
- Value of each reserve category by property using net present value of future cash flows before income taxes, prepared on a constant dollar basis and discounted at 20% (Probable reserves to be risked 50% either by volume or dollar value)
- Describe type of reserve recovery mechanisms for oil (primary, secondary, tertiary, in situ or other) and proved and probable reserve calculation methodology for each reserve category for both oil and gas
- Current and historic gross and net production rates for each reserve category for each of the last five completed financial years and for the current year as at a date not more than four months prior to the date of listing application
- Number and status of gross and net wells currently owned, by property, and whether producing, non-producing or shut-in
- Number of wells drilled or participated in for each of the last five completed financial years and for the current year as at a date not more than four months prior to the date of the listing application
- Summary of gross and net landholdings by geographic area
- Planned exploration and development, equipping, and acquisition programs, including estimated costs
- All legal and environmental legislation and actions to which the Applicant’s properties are subject, to the extent known
- Details of acquisitions of properties or assets acquired from or intended to be acquired from an insider or promoter of the Applicant or an affiliate or associate of any insider or promoter

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* For all work reported, indicate:
  a. Drilling method (e.g., diamond drilling, reverse circulation, percussion) and core diameter where applicable
  b. Description of sampling procedures (e.g., sawing, splitting, bulk sampling, sample preparation, type of representative samples and methods of retaining them) and the measures taken to ensure sample security
  c. Names of all assay laboratories used, their accreditations and affiliations
  d. Description of analytical methods used (e.g., fire assayng, ICP, atomic absorption spectrometry, acid leach) and check assaying procedures in place to verify results

* State for significant properties only
Appendix A

5.0 Trading information

5.1 Transfer and registration

5.1.1 Name of transfer agent(s) and registrar(s)
Name of transfer agent(s) and registrar(s) and cities where (i) transfers may be effected and (ii) registration facilities are maintained. One of the cities in each of (i) and (ii) must be Toronto.

5.1.2 Disclose any transfer fees other than taxes

5.2 Denial of or unsuccessful application to the TSX or other markets
If the Applicant has ever applied to have its securities traded on the TSX or another market and has been denied, provide name of the market or market(s), date(s) and reason(s) why the application was denied or was unsuccessful.

5.3 Trading history
Provide the following information for the market(s) where the Applicant’s securities have traded for each of the past 12 months, starting with the most recent month:
(Adjust for any stock splits or consolidations.)

<table>
<thead>
<tr>
<th>Name of market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month</td>
</tr>
</tbody>
</table>

* State for significant properties only

** State for significant properties only

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Appendix A

6.0 Legal considerations

Is the Applicant, any of its properties or holdings subject to any legal or other actions, current or pending, which may materially affect the Applicant’s operating results, financial position or property ownership?

If yes, for each action provide a brief description and attach a legal opinion as to the probable outcome.

7.0 Material contracts

Describe all material contracts, including management contracts, entered into by the Applicant that are in effect and not already disclosed in this application. Include dates and parties to the contracts. Do not include information about contracts entered into in the normal course of business.

8.0 Other material facts

Describe in detail any other material facts about the Applicant not already addressed in this application.

9.0 Sponsorship

Provide the firm name and address of the sponsor. The sponsor must review the listing application including all supporting documentation.
10.0 Certificate of Applicant

After having received approval from its Board of Directors,

Applicant's legal name

applies to list the securities designated in this application on the Toronto Stock Exchange.

ACKNOWLEDGEMENT – PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes the information contained in Sections 2.0 and 3.0 of this Application. The Applicant hereby acknowledges and agrees that it has obtained the express written consent of each individual to (A) the disclosure of Personal Information by Applicant to TSX (as defined in Exhibit 1) pursuant to this Application; and (B) the collection, use and disclosure of Personal Information by TSX for the purposes described on Exhibit 1 to this Application or as otherwise identified by TSX, from time to time.

AUTHORIZATION AND CONSENT:

THE APPLICANT HEREBY AUTHORIZES AND CONSENTS TO THE COLLECTION BY ANY OF TORONTO STOCK EXCHANGE, A DIVISION OF TSX INC., TSX VENTURE EXCHANGE INC. AND THEIR SUBSIDIARIES, AFFILIATES, REGULATORS AND AGENTS OF ANY INFORMATION WHATSOEVER (WHICH MAY INCLUDE PERSONAL, CREDIT, OR OTHER INFORMATION) FROM ANY SOURCE, INCLUDING WITHOUT LIMITATION FROM AN INVESTIGATIVE AGENCY OR A RETAIL CREDIT AGENCY, AS PERMITTED BY LAW IN ANY JURISDICTION IN CANADA OR ELSEWHERE. THE APPLICANT ACKNOWLEDGES AND AGREES THAT SUCH INFORMATION MAY BE SHARED WITH AND RETAINED BY TORONTO STOCK EXCHANGE, A DIVISION OF TSX INC., TSX VENTURE EXCHANGE INC. AND THEIR SUBSIDIARIES, AFFILIATES, REGULATORS AND AGENTS INDEFINITELY.

The two officers signing below certify that all of the information in this application and the supporting documentation is accurate as of the date this application is signed.

Date

Signature of authorized signing officer
Print Name

Position with Applicant

Signature of authorized signing officer
Print Name

Position with Applicant
EXHIBIT 1: Acknowledgement - Personal Information

TSX Inc. and its affiliates, authorized agents, subsidiaries and divisions, including the Toronto Stock Exchange (collectively referred to as "TSX") collect Personal Information in the Listing Application and in other forms that are submitted by the individual and/or by Applicant and use it for the following purpose:

- to conduct background checks;
- to verify the Personal Information that has been provided about each individual;
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Applicant;
- to consider the eligibility of the Applicant to list on the Toronto Stock Exchange;
- to detect and prevent fraud;
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Toronto Stock Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, TSX also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The Personal Information TSX collects may also be disclosed to these agencies and organizations or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above.

TSX may from time to time use third parties to process information and/or provide other administrative services. In this regard, TSX may share the information with such third party service providers.
Checklist of documents to be filed

Copies of the following documents must be provided to the TSX in notarial form if the originals are kept outside Canada.

If filing through SEDAR, all documentation and fees listed below can be filed electronically, other than engineering reports and maps, which must be filed with the TSX in paper copy. Documents that are required to be signed or certified must be signed by means of an electronic entry of the name of the person or issuer required to sign or certify the electronic filing that is executed, adopted or authorized by the issuer or company as a signature. Applicants must file a Certificate of Authentication for all Statutory Declarations, the Listing Agreement and the Certificate of Applicant for the listing application with the Canadian Depository for Securities (CDS). Visit www.sedar.com to learn more.

Applicants that are listed on the TSX Venture Exchange will generally be exempted from filing certain documents as noted below. Please see the TSX Venture Endnotes section for complete details.

All Applicants

1. Two fully executed copies of the listing application. Each copy requires a cover page, and a table of contents. Place the Applicant’s logo above the Applicant’s name on each cover page.

2. Listing Agreement

3. Certified copies of all charter documents, including Articles of Incorporation, Letters Patent, Articles of Amendment, Articles of Continuance, Articles of Amalgamation, or equivalent documents.

4. One copy of each of the annual reports for the past three years (if they were issued). If the Applicant was formed as a result of an amalgamation, one copy of the annual reports of each of the amalgamating companies for the past three years.

5. Two copies of the Applicant’s most recent audited financial statements, signed by two directors of the Applicant on behalf of the Board.

If the audited financial statements are not for a period that ended within 120 days of the date on which the application is submitted to the TSX in substantially acceptable form, provide unaudited financial statements dated within 90 days of the submission date.

Unaudited financial statements must be accompanied by a comfort letter signed by the auditors of the Applicant that complies with Section 7100 of the CICA (Canadian Institute of Chartered Accountants) Handbook. They must include a balance sheet, income statement, statement of retained earnings or deficit, statement of changes in financial position, and notes. Two directors of the Applicant must sign unaudited financial statements on behalf of the Board.

If the Applicant has recently completed or proposes to complete a transaction or business acquisition such that the transaction would materially affect the financial position or operating results of the company, the company must provide pro forma financial statements that give effect to the transaction. The statements must be accompanied by an auditor’s compilation report that follows Section 7100 of the CICA Handbook.

6. One copy of every stock option or security purchase plan and any other agreement under which securities may be issued. Provide a sample option agreement used for option grants if a plan is in place or all individual option agreements if the Applicant has no plan.

Submit, by optionee, a list of all options outstanding with the name of the option holder, position with the Applicant, date of original grant, expiry date, exercise price and market price at date of grant.
Appendix A

If securityholder approval was required for the plan, include a copy of the approval.

7. A copy of every material contract referred to in the listing application and not included elsewhere in this list of documentation.

8. Copies of any agreements under which securities are held in escrow, pool, or under a similar arrangement.

9. If any securities are held in escrow, pool, or under a similar arrangement, a certificate from the trustee:
   • certifying that the trustee is holding the securities, and
   • providing a list of the registered holders of the securities.

10. A letter from the trust company which acts as transfer agent in the City of Toronto stating that it has been duly appointed as transfer agent for the Applicant and is in a position to make transfers and make prompt delivery of security certificates. The letter must state what fee, if any, is charged for transfers.

11. A letter from the registrar indicating that it is acting as registrar in the City of Toronto.

12. A current list of securityholders, certified by the transfer agent or registrar to be true and correct. Where the Applicant has less than 300 public registered holders holding a board lot of the Applicant’s shares, provide copies of certificates received from registered holders. The certificates must confirm that the registered holders are holding securities as nominees for a sufficient number of clients, each holding a board lot or more, to bring the number of public holders above the minimum required.

13. Evidence of any registration or qualification of the Applicant or its securities with the Ontario Securities Commission or a corresponding body in the jurisdiction where it was incorporated or primarily carries on business. One copy of each prospectus, if it was filed within the previous 24 months, will satisfy this requirement.

14. A communication from legal counsel setting out, in effect, that legal counsel has examined, or is familiar with, the records of the Applicant and is of the opinion that:
   • it is a valid and subsisting company
   • the securities for which listing is applied have been legally created
   • all of the securities, which have been allotted and issued as set out in the listing application, are validly issued as fully paid and non-assessable.

15. A specimen certificate, printed by a bank note company approved by the TSX, imprinted with a CUSIP number, for each class of security to be listed.

16. An unqualified letter from the Canadian Depository for Securities Limited confirming the CUSIP number(s) assigned to the securities.

17. Cheque, payable to the Toronto Stock Exchange, for the amount of the application fee (see Section 802 of the TSX Company Manual).

18. Personal Information Form ("PIF"), sworn before a Commissioner of Oaths, to be completed by every individual who will at the time of listing:
   • be an officer or director of the Applicant; or
   • beneficially own or control, directly or indirectly, securities carrying greater than 10 per cent of the voting rights attached to all outstanding voting securities of the Applicant.

Each PIF must be accompanied by an original executed Consent for Disclosure of Criminal Record Information. Other exchanges’ or securities commissions’ PIF’s cannot be substituted for the TSX’s form. These forms will not be part of the public file.

TSX Company Manual ¶1450-002
Appendix A

19. Statutory Declarations completed by two officers.

20. Sponsorship letter signed by a director of a TSX participating organization. (Mandatory unless qualifying as a member senior issuer under Sections 309.1, 314.1 or 319.1 of the Company Manual.)

Technology Applicants

21. Projected sources and uses of funds statement, including detailed assumptions, for a period of 12 months, presented on a quarterly basis, prepared by management and signed by the Chief Financial Officer.

Research and Development Applicants

22. Projected sources and uses of funds statement for a period of 24 months, presented on a quarterly basis, prepared by management and signed by the Chief Financial Officer.

Mining and Oil and Gas Applicants

23. Full and up-to-date reports on the significant properties of the Applicant, prepared by a qualified independent mining or petroleum engineer or geologist acceptable to the Exchange. Reports for mining properties must comply with the Canadian securities commissions' National Instrument 43-101. Reports for oil & gas properties must comply with the Canadian securities commissions’ National Instrument 51-101. Reports prepared in conformity with other reporting systems deemed by the Exchange to be equivalent to National Instrument 43-101 and National Instrument 51-101 will normally be acceptable also. These reports must be accompanied by a certificate from the author which describes the author’s relationship with the Applicant, their experience and qualifications, the date of the most recent property visit (or an explanation of why a property visit was not made), and give the author’s written consent to the use of the reports in support of the listing application. Note that the results and conclusions of these reports should be included in sections 4.5.2 (mining properties) and sections 4.5.3 (oil & gas properties) of the listing application.

24. A certificate from the author of the reports confirming that he has reviewed the disclosures in the listing application regarding the properties covered by his reports and that he considers the disclosure to be accurate to the best of his knowledge.

25. Projected sources and uses of funds statement for a period of 18 months, presented on a quarterly basis, prepared by management and signed by the Chief Financial Officer.

Mining Applicants Only

26. A letter from each assay laboratory used which confirms their accreditations, affiliations and work done for the Applicant.

27. Plans and sections to support reserve/resource estimates and which illustrate continuity of mineralization in three (3) dimensions (comply with National Instrument 43-101).

Additional documentation to be filed if listing the following type of security

Restricted Voting Shares

1. Copy of the take-over protection agreement ("coattail" trust agreement).

Limited Partnership

1. Partnership Agreement.

Trust Units

1. Trust Indenture or Declaration of Trust.
Appendix A

Share Purchase Warrants
(Only listed if the security which warrant holders are entitled to purchase is listed and the warrants will be issued in fully registered form.)

☐ 1. Certified copy of the warrant trust indenture.

☐ 2. A letter from the Applicant’s transfer agent or underwriter certifying at a recent date that at least 200 public holders hold at least 100 warrants or more, with a total public float of 200,000 warrants.

☐ 3. A definitive specimen of the warrant certificate.¹

☐ 4. An unqualified letter from the Canadian Depository for Securities Limited confirming the CUSIP number(s) assigned to the securities.¹

☐ 5. An opinion of counsel that the securities issuable upon exercise of the warrants have been validly created in accordance with applicable law and that such securities will, when issued in accordance with the terms of the warrants, be validly issued as fully paid and non-assessable.

☐ 6. Cheque, payable to the Toronto Stock Exchange, for the warrant listing fee (see Section 810 of the TSX Company Manual).

TSX Venture Endnotes

1. If the applicant company has previously submitted this document to the TSX Venture Exchange, in a form acceptable to the TSX then the applicant will generally not be required to resubmit it to the TSX.

2. If the applicant company has filed this document on SEDAR in a form acceptable to the TSX, then the applicant will generally not be required to submit this document.

3. If filing unaudited financial statements pursuant to “All Applicants - item 5” above, applicants must still submit applicable notes and a comfort letter, and applicants must still submit appropriate pro forma financial statements when applicable.

4. If the individual has submitted a Personal Information Form (PIF) to the TSX Venture Exchange in the last 12 months (from the date of the application), they will not generally be required to submit a new PIF to the TSX provided they complete the Declaration, attached. Each Declaration must be accompanied by an original executed Consent for Disclosure of Criminal Record Information.

5. Applicant companies that are currently listed on TSX Venture Exchange may wish to contact the TSX to discuss their specific requirements for providing a sponsorship letter. Generally, TSX Venture Exchange companies may not be required to submit a sponsorship letter if the company has:
   • required sponsorship as a result of a major transaction pursuant to TSX Venture Exchange policy within the last 18 months,
   • cleared a prospectus in the past 12 months,
   • traded on the TSX Venture Exchange for a minimum period of 24 months, meets the original listing requirements detailed in Sec. 309(a) of the TSX Company Manual and is in good standing with all TSX Venture Exchange regulatory requirements, or
   • completed an eligibility review as outlined in Sec. 305 of the TSX Company Manual and the TSX has determined that the company meets the listing requirements.

The TSX reserves the right to require additional information or documents as it may deem appropriate in the circumstances.

The officer signing below has reviewed the “Checklist of documents to be filed” and certifies that all required materials have been provided to the TSX.

________________________
Date

__________________________
Signature of authorized signing officer

__________________________
Print Name

__________________________
Position with Applicant

TSX Company Manual ¶1450-002
PERSONAL INFORMATION FORM

Where an individual has submitted a Personal Information Form ("PIF") to the Toronto Stock Exchange, a division of TSX Inc. (referred to as the "Exchange") within the last 12 months and the information has not changed, a Declaration Form may be completed in lieu of this PIF. Otherwise, this PIF is to be completed by every individual who:

(a) is or becomes an officer, director or insider (as defined pursuant to securities legislation) of an issuer listed on the Exchange (referred to as an "Issuer");

(b) beneficially owns or controls, directly or indirectly, securities representing more than 10 percent of the voting rights attached to all outstanding voting securities of the Issuer;

(c) where a securityholder referred to in paragraph (b) is not an individual, any director, officer or insider of that securityholder;

(d) is an individual requested by the Exchange to complete a PIF; or

(e) is an individual requested by a securities regulatory authority (referred to as an "SRA"), as defined below, to complete a PIF.

General Instructions On How To Complete This PIF:

The Form

The Exchange requires an originally completed PIF and two photocopies of the original. No facsimiles will be accepted. Each PIF must be signed and initialled where necessary manually, not mechanically or electronically. The SRA will accept a copy of the PIF if an original was submitted to the Exchange. Otherwise, the SRA will require an originally completed PIF.

In all cases, the Consent for Disclosure of Criminal Record Information, which is attached as Exhibit 1, must be completed.

Foreign Residents

Persons submitting a PIF who reside outside of Canada may be required to complete and submit additional forms and information. Please contact the Exchange and the SRA for further information.

Disclosure

Failure to fully disclose any information required by this PIF or false or misleading disclosures may result in the disqualification of an individual from involvement with the Issuer and/or other issuers.

Processing Delays

Failure to respond to all questions accurately and completely may result in the return of the PIF, may delay the processing of the related application of the Issuer and may result in the denial of the Issuer’s application.

All Questions

All questions must have a response. The Exchange and the SRA will not accept the response of "N/A" or "Not Applicable" for any questions, except Questions 1(B), 2B(iii) and 5(A).

Questions 6 to 9

Please check ( ) in the appropriate space provided. If your answer to any of questions 6 to 9 is "YES", you must, in an attachment, provide complete details, including the circumstances, relevant dates, names of the parties involved and final disposition, if known. Any attachment must be initialled by the Notary Public and the person completing this PIF. Responses must consider all time periods.
CAUTION

An individual who makes a false statement by statutory declaration commits an offence under securities legislation and an indictable offence under the Criminal Code (Canada). The indictable offence is punishable by imprisonment for a term not exceeding fourteen years. Steps may be taken to verify the answers you have given in this PIF, including verification of information relating to any previous criminal record.

DEFINITIONS

Capitalized terms not defined herein are as defined in the Toronto Stock Exchange Company Manual.

“Offence” An offence includes:

- a summary conviction or indictable offence under the Criminal Code (Canada);
- a quasi-criminal offence (for example under the Income Tax Act (Canada), the Immigration Act (Canada) or the tax, immigration, drugs, firearms, money laundering or securities legislation of any jurisdiction; or
- a misdemeanor or felony under the criminal legislation of the United States of America, or any state or territory therein or an offence under the criminal legislation of any other jurisdiction.

NOTE: If a pardon under the Criminal Records Act (Canada) has been formally requested and you have received formal written notice that such pardon has been granted and it has not been revoked, you are not obliged to disclose any such pardoned offence. In such circumstances, the appropriate written response would be “Yes, pardon granted on (date).”

“Proceedings” means:

(a) a civil or criminal proceeding or inquiry before a court,
(b) a proceeding before an arbitrator or umpire or a person or group of persons authorized by law to make an inquiry and take evidence under oath in the matter,
(c) a proceeding before a tribunal in the exercise of a statutory power of decision making where the tribunal is required by law to hold or afford the parties to the proceeding an opportunity for a hearing before making a decision, or
(d) a proceeding before a self-regulatory organization authorized by law to regulate the operations and the standards of practice and business conduct of its members and their representatives, in which the self-regulatory organization is required under its by-laws or rules to hold or afford the parties the opportunity for a hearing before making a decision, but does not apply to a proceeding in which one or more persons are required to make an investigation and to make a report, with or without recommendations, if the report is for the information or advice of the person to whom it is made and does not in any way bind or limit that person in any decision the person may have the power to make;

“securities regulatory authority” (or “SRA”) means a body created by statute in any jurisdiction to administer securities law, regulation and policy (e.g. securities commission), but does not include an exchange or other self regulatory organization;

“self regulatory organization” means (a) a stock, commodities, futures or options exchange; (b) an association of investment, securities, mutual fund, commodities, or future dealers; (c) an association of investment counsel or portfolio managers; (d) an association of other professionals (e.g. legal, accounting, engineering); and (e) any other group, institution or self-regulatory entity, recognized by a securities regulatory authority, that is responsible for the enforcement of rules, disciplines or codes under any applicable legislation, or considered a self regulatory organization in another country.
1. A. IDENTIFICATION OF INDIVIDUAL COMPLETING FORM

<table>
<thead>
<tr>
<th>LAST NAME(S)</th>
<th>FIRST NAME(S)</th>
<th>MIDDLE NAME(S) (If none, please state)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAME(S) MOST COMMONLY KNOWN BY:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAME OF ISSUER (State the name of the issuer that is listed or that has applied to list on the Exchange)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRESENT or PROPOSED POSITION(S) WITH THE ISSUER – check ( ) all positions below that are applicable.</td>
<td>IF DIRECTOR / OFFICER DISCLOSE THE DATE ELECTED / APPOINTED</td>
<td>IF OFFICER – PROVIDE TITLE IF OTHER – PROVIDE DETAILS</td>
</tr>
<tr>
<td>Director</td>
<td>( ) Month</td>
<td>IF OFFICER – PROVIDE TITLE IF OTHER – PROVIDE DETAILS</td>
</tr>
<tr>
<td>Officer</td>
<td>Day</td>
<td></td>
</tr>
<tr>
<td>Insider</td>
<td>Year</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B. Other than the name given in Question 1A above, provide any legal names, assumed names or nicknames under which you have carried on business or have otherwise been known, including information regarding any name change(s) resulting from marriage, divorce, court order or any other process. Use an attachment if necessary.

<table>
<thead>
<tr>
<th>FROM</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>MM</td>
<td>YY</td>
</tr>
<tr>
<td>MM</td>
<td>YY</td>
</tr>
</tbody>
</table>

C. GENDER | DATE OF BIRTH | PLACE OF BIRTH |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Month (e.g. May)</td>
<td>Day</td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix A

1023

D. MARITAL STATUS

<table>
<thead>
<tr>
<th>FULL NAME OF SPOUSE - include common-law</th>
<th>OCCUPATION OF SPOUSE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

E. TELEPHONE AND FAX/MILE NUMBERS AND E-MAIL ADDRESS

<table>
<thead>
<tr>
<th>RESIDENTIAL</th>
<th>FACSIMILE</th>
</tr>
</thead>
<tbody>
<tr>
<td>( )</td>
<td>( )</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>E-MAIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>( )</td>
<td></td>
</tr>
</tbody>
</table>

F. RESIDENTIAL HISTORY - Provide all residential addresses for the past 10 YEARS starting with your current principal residential address. If you are unable to correctly identify the complete residential address for a period, which is beyond five years from the date of completion of this PIF, the municipality and province or state and country must be identified. The Exchange reserves the right to require the full address.

<table>
<thead>
<tr>
<th>STREET ADDRESS, CITY, PROVINCE/STATE, COUNTRY &amp; POSTAL/ZIP CODE</th>
<th>FROM</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MM</td>
<td>YY</td>
</tr>
<tr>
<td></td>
<td>MM</td>
<td>YY</td>
</tr>
<tr>
<td></td>
<td>MM</td>
<td>YY</td>
</tr>
</tbody>
</table>

2. CITIZENSHIP

A. CANADIAN CITIZENSHIP

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(i) Are you a Canadian Citizen?

(ii) Are you a person lawfully in Canada as an immigrant but are not yet a Canadian citizen?

(iii) If "Yes" to Question 2A(ii), the number of years of continuous residence in Canada:

B. OTHER CITIZENSHIP

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(i) Do you hold citizenship in any country other than Canada?

(ii) If "Yes" to Question 2B(i), the name of the country(s):

(iii) Please provide U.S. Social Security number, where you have such a number

3. EMPLOYMENT HISTORY

Provide your employment history for the 10 YEARS immediately prior to the date of this PIF starting with your current employment. Use an attachment if necessary.

<table>
<thead>
<tr>
<th>EMPLOYER NAME</th>
<th>EMPLOYER ADDRESS</th>
<th>POSITION HELD</th>
<th>FROM</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>MM</td>
<td>YY</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>MM</td>
<td>YY</td>
</tr>
</tbody>
</table>
## Appendix A

### 4. POSITIONS WITH OTHER ISSUERS

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>While you were a director, officer or insider of an issuer, did any exchange or self-regulatory organization ever refuse approval for listing or quotation of that issuer (including a listing resulting from a Qualifying Transaction, Reverse Take-Over, Backdoor Listing or change of business)? If yes, attach full particulars.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Has your employment in a sales, investment or advisory capacity with any firm or company engaged in the sale of real estate, insurance or mutual funds ever been terminated for cause?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Has a firm or company registered under the securities laws of any jurisdiction as a securities dealer, broker, investment advisor or underwriter, suspended or terminated your employment for cause?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are you or have you during the last 10 years ever been a director, officer, promoter, insider or control person for any reporting issuer?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If &quot;YES&quot; to 4d above, provide the names of each reporting issuer. State the position(s) held and the period(s) during which you held the position(s). Use an attachment if necessary.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NAME OF REPORTING ISSUER</th>
<th>POSITION(S) HELD</th>
<th>TRADED ON</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 5. EDUCATIONAL HISTORY

<table>
<thead>
<tr>
<th></th>
<th>PROFESSIONAL DESIGNATION(S) - Provide any professional designation held and professional associations to which you belong, For example, Barrister &amp; Solicitor, C.A., C.M.A., C.G.A., P.Eng., P.Geol., and CFA, etc. and indicate which organization and the date the designations were granted.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PROFESSIONAL DESIGNATION And MEMBERSHIP NUMBER</td>
</tr>
<tr>
<td></td>
<td>PROFESSIONAL DESIGNATION</td>
</tr>
<tr>
<td></td>
<td>And MEMBERSHIP NUMBER</td>
</tr>
<tr>
<td></td>
<td>PROFESSIONAL DESIGNATION</td>
</tr>
<tr>
<td></td>
<td>And MEMBERSHIP NUMBER</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>SCHOOL</th>
<th>LOCATION</th>
<th>DEGREE OR DIPLOMA</th>
<th>DATE OBTAINED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SCHOOL</td>
<td>LOCATION</td>
<td>DEGREE OR DIPLOMA</td>
<td>DATE OBTAINED</td>
</tr>
<tr>
<td></td>
<td>SCHOOL</td>
<td>LOCATION</td>
<td>DEGREE OR DIPLOMA</td>
<td>DATE OBTAINED</td>
</tr>
</tbody>
</table>
Appendix A

15–2-04

6. **OFFENCES** - If you answer “YES” to any item in Question 6, you **must** provide complete details in an attachment.

A. Have you ever pled guilty to or been found guilty of an offence?  

   | YES | NO |

B. Are you the subject of any current charge, indictment or proceeding for an offence?  

   | YES | NO |

C. To the best of your knowledge, are you or have you **ever** been a director, officer, promoter, insider, or control person of an issuer, in any jurisdiction, at the time of events, where the issuer:

   (i) has ever pled guilty to or been found guilty of an offence?  

   | YES | NO |

   (ii) is the subject of any current charge, indictment or proceeding for an offence?  

   | YES | NO |

7. **BANKRUPTCY** - If you answer “YES” to any item in Question 7, you **must** provide complete details in an attachment and attach a copy of any discharge, release or other applicable document.

A. Have you, in any jurisdiction, within the past **10 years** had a petition in bankruptcy issued against you, made a voluntary assignment in bankruptcy, made a proposal under any bankruptcy or insolvency legislation, been subject to any proceeding, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to manage your assets?  

   | YES | NO |

B. Are you now an undischarged bankrupt?  

   | YES | NO |

C. To the best of your knowledge, are you or have you **ever** been a director, officer, promoter, insider, or control person of an issuer, in any jurisdiction, at the time of events, or for a period of 12 months preceding the time of events, where the issuer:

   (i) has made a petition in bankruptcy, a voluntary assignment in bankruptcy, a proposal under any bankruptcy or insolvency legislation, been subject to any proceeding, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to manage the issuer’s assets?  

   | YES | NO |

   (ii) is now an undischarged bankrupt?  

   | YES | NO |

8. **PROCEEDINGS** - If you answer “YES” to any item in Question 8, you **must** provide complete details in an attachment.

A. **CURRENT PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY ORGANIZATION.** Are you now, in any jurisdiction, the subject of:

   | YES | NO |

   (i) a notice of hearing or similar notice issued by an SRA?  

   (ii) a proceeding or to your knowledge, under investigation, by an exchange or other self regulatory organization?  

   (iii) settlement discussions or negotiations for settlement of any nature or kind whatsoever with an SRA or any self regulatory organization?  

   | YES | NO |
Appendix A

B. PRIOR PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY ORGANIZATION. Have you ever:

(i) been reprimanded, suspended, fined, been the subject of an administrative penalty, or otherwise been the subject of any disciplinary proceedings of any kind whatsoever, in any jurisdiction, by an SRA or self regulatory organization?

(ii) had a registration or licence for the trading of securities, exchange or commodity futures contracts, real estate, insurance or mutual fund products cancelled, refused, restricted or suspended?

(iii) been prohibited or disqualified under securities, corporate or any other legislation from acting as a director or officer of a reporting issuer?

(iv) had a cease trading or similar order issued against you or an order issued against you that denied you the right to use any statutory prospectus or registration exemption?

(v) had any other proceeding of any nature or kind taken against you?

C. SETTLEMENT AGREEMENT(S)

Have you ever entered into a settlement agreement with a SRA, self regulatory organization, attorney general or comparable official or body, in any jurisdiction, in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct, or any other settlement agreement with respect to any other violation of securities legislation or the rules of any self regulatory organization?

D. To the best of your knowledge, are you now or have you ever been a director, officer, promoter, insider, or control person of an issuer at the time of such event, in any jurisdiction, for which a securities regulatory authority or self regulatory organization has:

(i) refused, restricted, suspended or cancelled the registration or licensing of an issuer to trade securities, exchange or commodity futures contracts, or to sell or trade real estate, insurance or mutual fund products?

(ii) issued a cease trade or similar order or imposed an administrative penalty of any nature or kind whatsoever against the issuer, other than an order for failure to file financial statements that was revoked within 30 days of its issuance?

(iii) refused a receipt for a prospectus or other offering document, denied any application for listing or quotation or any other similar application, or issued an order that denied the issuer the right to use any statutory prospectus or registration exemptions?

(iv) issued a notice of hearing, notice as to a proceeding or similar notice against the issuer?

(v) taken any other proceeding of any nature or kind against the issuer, including a trading halt, suspension or delisting of the issuer (other than in the normal course for proper dissemination of information, pursuant to a Reverse Take-Over, Backdoor Listing or similar transaction)?

(vi) entered into a settlement agreement with the issuer in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct by the issuer, or involved in any other violation of securities legislation or a self regulatory organization’s rules?
9. **CIVIL PROCEEDINGS** - If you answer “YES” to any item in Question 9, you must provide complete details in an attachment.

### A. JUDGMENT, GARNISHMENT AND INJUNCTIONS

Has a court in any jurisdiction:

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>

(i) rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against you in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?

(ii) rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against an issuer, for which you are currently or have ever been a director, officer, promoter, insider or control person, in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?

### B. CURRENT CLAIMS

(i) Are you now subject, in any jurisdiction, of a claim that is based in whole or in part on actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?

(ii) To the best of your knowledge, are you currently or have you ever been a director, officer, promoter, insider or control person of an issuer now subject, in any jurisdiction, of a claim that is based in whole or in part on actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?

### C. SETTLEMENT AGREEMENT

(i) Have you ever entered into a settlement agreement, in any jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?

(ii) To the best of your knowledge, are you currently or have you ever been a director, officer, promoter, insider or control person of an issuer that has entered into a settlement agreement, in any jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?
1028 Appendix A 15—2-04

STATUTORY DECLARATION

I, ___________________________ (Please Print - Name of Individual) hereby solemnly declare that:

(a) I have read and understood the questions, cautions, acknowledgement and consent in this PIF, and the answers I have given to the questions in this PIF and in any attachments to it are true and correct, except where stated to be to the best of my knowledge, in which case I believe the answers to be true;

(b) I have read and understand the Personal Information Collection Policy of the Exchange attached hereto as Exhibit 2 (the “PIF Collection Policy”);

(c) I consent to the collection, use and disclosure of the information in this PIF and any further personal information collected, used and disclosed as set out in the PIF Collection Policy;

(d) I hereby agree to (i) submit to the jurisdiction of the Exchange and to Market Regulation Services Inc. and any successor or assignee of either of them, and wherever applicable, the directors and committees thereof, and (ii) be bound by and comply with all applicable rules, policies, rulings and regulations of the Exchange (collectively, the “Exchange Requirements”);

(e) I agree that any acceptance, approval or other right granted by the Exchange may be revoked, terminated or suspended at any time in accordance with the then applicable Exchange Requirements. In the event of any revocation, termination or suspension, I agree to immediately terminate my association or involvement with any issuer to the extent required by the Exchange. I agree not to resume my association or involvement, except with the prior written approval of the Exchange;

(f) This declaration and the rights and powers of the Exchange pursuant to the Exchange Requirements shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to conflict of law principles;

(g) I acknowledge and agree that this declaration may be assigned or transferred by the Exchange to any person without providing me with notice or obtaining my consent and that this declaration shall thereafter continue to be binding on me and may be enforced against me by any such assignee or transferee. I understand that I am prohibited from transferring or assigning this declaration or any acceptance, approval or other right granted by the Exchange;

(h) I understand that where I am providing this form to a SRA, I am under the jurisdiction of the SRA to which I submit this form, and it is a breach of securities legislation to provide false or misleading information to the SRA;

(i) I make this solemn declaration conscientiously believing it to be true and knowing it is of the same legal force and effect as if made under oath and under the Canada Evidence Act.

______________________________
Signature of Person Completing this Form

DECLARED before me at the City __________________________ in the Province (or State) of __________________________, this __________________________ day of __________________________, __________________________, in the Province (or State) of __________________________.

(Province or State) __________________________ (Day) __________________________ (Month) __________________________ (Year)

______________________________ Seal or Stamp of Notary Public

Signature of Notary Public

My Appointment Expires: __________________________

*Note: THIS PIF MUST BE DECLARED BEFORE A PERSON WHO IS A NOTARY PUBLIC IN AND FOR THE JURISDICTION IN WHICH IT IS DECLARED UNLESS THAT JURISDICTION DOES NOT HAVE NOTARY PUBLICS, IN WHICH CASE THIS PIF MUST BE DECLARED BEFORE A LAWYER IN THAT JURISDICTION, OR OTHER PERSON THAT SATISFIES THE REQUIREMENTS SET OUT IN THE CANADA EVIDENCE ACT.
### EXHIBIT 1: CONSENT FOR DISCLOSURE OF CRIMINAL RECORD INFORMATION

**PURPOSE:** Criminal records are scrutinized by market regulators when conducting background checks, verifying the information the Subject has provided, conducting investigations and enforcement proceedings, and performing other investigations as required to ensure compliance with the various regulations, statutes, rules, by-laws and policies governing the conduct and integrity of the capital markets and trading activity taking place therein.

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**CONSENT** This consent is given pursuant to all applicable information and privacy statutes. As evidenced by my signature below, I, the undersigned, hereby acknowledge and provide my express consent to the disclosure by the Ontario Provincial Police (OPP) of records of criminal code convictions for which a pardon has not been granted, records of discharges which have not been removed from the CPIC system in accordance with the Criminal Records Act, and records of outstanding charges which the OPP is aware, to the entities listed below (referred to as “the market regulators”) and to the collection, use, disclosure and retention of the OPP-provided information by any one of those market regulators for the other market regulators listed, for the purposes and in the manner set out in this form. This consent relates to Market Regulation Services Inc.; the entities which have retained Market Regulation Services Inc. as their regulation services provider and their authorized personnel; self-regulatory organizations; securities commissions; governmental agencies undertaking criminal or investigative functions; organizations in which any of these are members, affiliates, participants or have a similar capacity; entities which have entered into an agreement with Market Regulation Services Inc. related to the co-ordination or monitoring and enforcement of rules governing the trading of securities on a marketplace in Canada or a market in any other jurisdiction and each of the subsidiaries, affiliates, regulators and authorized agents of any person or entity described herein.

The information will be retained by the market regulators in their databases in a secure environment and is updated from time to time. The market regulators collect, use, disclose and retain the OPP-provided information and allow its use by other market regulators only for purposes set out above or as required by law. Employees of the market regulators who have access to your information are made aware of how to keep it confidential.

**FINGERPRINT VERIFICATION**

If I deny a criminal record, I may present myself to the appropriate police agency in my jurisdiction for fingerprint verification, as the person with a record will have had fingerprints taken. No other defence is accorded me.

**RELEASE**

I hereby release and forever discharge Her Majesty the Queen in right of Ontario, the Commissioner of the Ontario Provincial Police and Market Regulation Services Inc. and any or all of their respective members, directors, officers, employees, servants, and agents, including their successors and assigns, from any and all actions, claims and demands for damages, loss or injury howsoever arising which may hereafter be sustained by myself as a result of the disclosure of information by the OPP to Market Regulation Services Inc. or the disclosure by Market Regulation Services Inc. to a market regulator as defined.

---

Subject Signature: ___________________________ Date: ___________________________

INFORMATION CONTACT FOR QUESTIONS PERTAINING TO THE COMPLETION OF EXHIBIT 1:

Name: James Manderville

Organization: Market Regulation Services Inc.

PHONE#: 416-646-7233

FAX#: 416-646-7259

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TSX Company Manual 1450-003
EXHIBIT 2: PIF PERSONAL INFORMATION COLLECTION POLICY

Collection, Use and Disclosure

TSX Inc. and its affiliates, authorized agents, subsidiaries and divisions, including the Toronto Stock Exchange (collectively referred to as “TSX”) collect the information (which may include personal, confidential, non-public, criminal or other information) in the Personal Information Form and in other forms that are submitted by you and/or by the Issuer or an entity applying to be an Issuer and use it for the following purposes (the “object of the file”):

- to conduct background checks,
- to verify the information that has been provided about you,
- to consider your suitability to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of an entity applying to be an Issuer or an Issuer,
- to consider the eligibility of an applicant to be an Issuer,
- to detect and prevent fraud,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with the Exchange Requirements, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, TSX also collects additional information about you from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The information TSX collects about you may also be disclosed to these agencies and organizations or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above.

TSX may from time to time use third parties to process information and/or provide other administrative services. In this regard, we may share the information with our carefully selected service providers.

If you fail to accurately complete the PIF or to consent to this PIF Collection Policy, we may (i) refuse to allow you to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant of an Issuer, (ii) refuse to allow an applicant to be listed as an Issuer, and/or (iii) refuse to accept a transaction proposed by an Issuer.

Security

The personal information that is retained by TSX is kept in a secure environment and is updated from time to time. Only those employees of TSX who require access to your information in order to accomplish the purposes identified above, will be given access to your file. Employees of TSX who have access to your information are made aware of how to keep it confidential.

Accuracy

Information about you maintained by TSX that is identified by you as inaccurate or obsolete will be replaced or removed, as applicable.

Questions

If you wish to consult your file or make corrections to it or if you have any questions or enquiries with respect to the privacy principles outlined above or about our practices, please send a written request to: Chief Privacy Officer, TSX Group, The Exchange Tower, 130 King Street West, Toronto, Canada, MSX 1J2.
EXHIBIT 3: Notice of Collection, Use and Disclosure of Personal Information by Securities Regulatory Authorities

The Alberta and British Columbia Securities Commissions (the “Commissions”) collect the personal information in the Personal Information Form and use it in the administration and enforcement of the securities legislation in Alberta and British Columbia governing the conduct and protection of the public markets in Canada (the “provincial securities legislation”). The Commissions do not make any of the information provided in the PIF public under provincial securities legislation.

By submitting this information you consent to the collection by the Commissions of the personal information provided in the PIF, and any other records and information about you from any other source, including, but not limited to, police records, information from other government or non-governmental regulatory authorities, self-regulatory organizations, exchanges, quotation and trade reporting systems, law enforcement agencies, private bodies, agencies, individuals, corporations, and other organizations in any jurisdictions, credit records and employment records as may be necessary for the Commissions to carry out their duties and exercise their powers under provincial securities legislation.

You understand that in carrying out those duties and exercising those powers, the Commissions will use the information in the PIF, and any other information about you from any other source, including those listed above, to conduct background checks, verify the information you have provided, perform investigations and conduct enforcement proceedings as required by and to ensure compliance with provincial securities legislation.

You also understand that the information the Commissions collect about you may also be disclosed to the sources listed above, as permitted by law, and those entities may use it in their own investigations for the purposes described above. The Commissions may also use a third party to process information, but when this happens, the third party will be carefully selected and obligated to comply with the limited use restrictions described above and with provincial and federal privacy legislation.

Warning: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Questions
If you have any questions about the collection, use, and disclosure of the information you provide to the Commissions, you may contact the Commissions in the jurisdiction in which the required information is filed, at the address or telephone number listed below.

Information Officer
British Columbia Securities Commission
Telephone: (604) 899-6854
E-mail: inquiries@bcsc.bc.ca

Information Officer
Alberta Securities Commission
Telephone: (403) 297-6454
E-mail: inquiries@seccom.ab.ca
DECLARATION

This Declaration Form (the "Declaration") is to be completed only if (i) the individual has submitted a Personal Information Form to the Toronto Stock Exchange, a division of TSX Inc. (referred to as the "Exchange") or the TSX Venture Exchange within 12 months preceding the signing of this Declaration and (ii) the information disclosed in that Personal Information Form has not changed. In all cases, Exhibit 1 - Consent for Disclosure of Criminal Record Information, must be completed.

Individual’s Name (Please Print)

STATUTORY DECLARATION

I, ________, hereby solemnly declare that:

(a) The information contained in the Personal Information Form that was submitted to the Exchange or TSX Venture Exchange with respect to _______________________, (the "Issuer") on ______________, 20____, [legal name of Issuer] and any attachments to it, continues to be true and correct, except where stated in the PIF to be to the best of my knowledge, in which case I continue to believe the answers to be true;

(b) I have read the PIF Personal Information Collection Policy of the Exchange attached hereto as Exhibit 2 (the "PIF Collection Policy");

(c) I consent to the collection, use and disclosure of the information in the PIF, and any further information collected, used and disclosed, as set out in the PIF Collection Policy;

(d) I hereby agree to (i) submit to the jurisdiction of the Exchange and to Market Regulation Services Inc. and any successor or assignee of either of them, and wherever applicable, the directors and committees thereof, and (ii) be bound by and comply with all applicable rules, policies, rulings and regulations of the Exchange (collectively, the "Exchange Requirements");

(e) I agree that any acceptance, approval or other right granted by the Exchange may be revoked, terminated or suspended at any time in accordance with the then applicable Exchange Requirements. In the event of any revocation, termination or suspension, I agree to immediately terminate my association or involvement with any issuer to the extent required by the Exchange. I agree not to resume my association or involvement, except with the prior written approval of the Exchange;

(f) This declaration and the rights and powers of the Exchange pursuant to the Exchange Requirements shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to conflict of law principles;

(g) I acknowledge and agree that this declaration may be assigned or transferred by the Exchange to any person without providing me with notice or obtaining my consent and that this declaration shall thereafter continue to be binding on me and may be enforced against me by any such assignee or transferee. I understand that I am prohibited from transferring or assigning this declaration or any acceptance, approval or other right granted by the Exchange;

(h) I understand that where I am providing this form to a SRA, I am under the jurisdiction of the SRA to which I submit this form, and it is a breach of securities legislation to provide false or misleading information to the SRA;
Appendix A

(i) I make this solemn declaration conscientiously believing it to be true and knowing it is of the same legal force and effect as if made under oath and under the Canada Evidence Act.

Signature of Person Completing this Form

DECLARED before me at [City/Town] in the Province (or State) of [Province or State] this day of [Month] [Year].

Signature of Notary Public

Seal or Stamp of Notary Public

My Appointment Expires:

*Note: THIS DECLARATION MUST BE DECLARED BEFORE A PERSON WHO IS A NOTARY PUBLIC IN AND FOR THE JURISDICTION IN WHICH IT IS DECLARED UNLESS THAT JURISDICTION DOES NOT HAVE NOTARIES PUBLIC, IN WHICH CASE THIS DECLARATION MUST BE DECLARED BEFORE A LAWYER IN THAT JURISDICTION, OR OTHER PERSON THAT SATISFIES THE REQUIREMENTS SET OUT IN THE CANADA EVIDENCE ACT."
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As evidenced by my signature below, I, the undersigned, hereby acknowledge and provide my express consent to the disclosure by the Ontario Provincial Police (OPP) of records of criminal code convictions for which a pardon has not been granted, records of discharges which have not been removed from the CPIC system in accordance with the Criminal Records Act, and records of outstanding charges which the OPP is aware, to the entities listed below (referred to as “the market regulators”) and to the collection, use, disclosure and retention of the OPP-provided information by any one of those market regulators to the other market regulators listed, for the purposes and in the manner set out in this form. This consent relates to Market Regulation Services Inc.; the entities which have retained Market Regulation Services Inc. as their regulation services provider and their authorized personnel; self-regulatory organizations; securities commissions; governmental agencies undertaking criminal or investigative functions; organizations in which any of these are members, affiliates, participants or have a similar capacity; entities which have entered into an agreement with Market Regulation Services Inc. related to the co-ordination or monitoring and enforcement of rules governing the trading of securities on a marketplace in Canada or a market in any other jurisdiction and each of the subsidiaries, affiliates, regulators and authorized agents of any person or entity described herein.

The information will be retained by the market regulators in their databases in a secure environment and is updated from time to time. The market regulators collect, use, disclose and retain the OPP-provided information and allow its use by other market regulators only for purposes set out above or as required by law. Employees of the market regulators who have access to your information are made aware of how to keep it confidential.

FINGERPRINT VERIFICATION

If I deny a criminal record, I may present myself to the appropriate police agency in my jurisdiction for fingerprint verification, as the person with a record will have had fingerprints taken. No other defence is accorded me.

RELEASE

I hereby release and forever discharge Her Majesty the Queen in right of Ontario, the Commissioner of the Ontario Provincial Police and Market Regulation Services Inc. and any or all of their respective members, directors, officers, employees, servants, and agents, including their successors and assigns, from any and all actions, claims and demands for damages, loss or injury however arising which may hereafter be sustained by myself as a result of the disclosure of information by the OPP to Market Regulation Services Inc. or the disclosure by Market Regulation Services Inc. to a market regulator as defined.

Subject Signature: __________________________ Date: __________________________

INFORMATION CONTACT FOR QUESTIONS PERTAINING TO THE COMPLETION OF EXHIBIT 1:

Name: James Manderville
Organization: Market Regulation Services Inc.
PHONE#: 416-646-7233
FAX#: 416-646-7259
Appendix A

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- to consider your suitability to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of an entity applying to be an Issuer or an Issuer,
- to consider the eligibility of an applicant to be an Issuer,
- to detect and prevent fraud,
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TSX may from time to time use third parties to process information and/or provide other administrative services. In this regard, we may share the information with our carefully selected service providers.

If you fail to accurately complete the PIF or to consent to this PIF Collection Policy, we may (i) refuse to allow you to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant of an Issuer, (ii) refuse to allow an applicant to be listed as an Issuer, and/or (iii) refuse to accept a transaction proposed by an Issuer.

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The personal information that is retained by TSX is kept in a secure environment and is updated from time to time. Only those employees of TSX who require access to your information in order to accomplish the purposes identified above, will be given access to your file. Employees of TSX who have access to your information are made aware of how to keep it confidential.

Accuracy

Information about you maintained by TSX that is identified by you as inaccurate or obsolete will be replaced or removed, as applicable.

Questions

If you wish to consult your file or make corrections to it or if you have any questions or enquiries with respect to the privacy principles outlined above or about our practices, please send a written request to: Chief Privacy Officer, TSX Group, The Exchange Tower, 130 King Street West, Toronto, Canada, M5X 1J2.

TSX Company Manual ¶1450-003a
Statutory declarations by Applicant’s officers (1)

Province of ______________________
County of ______________________

In the matter of an application for listing the securities of ______________________
on the Toronto Stock Exchange

I, ______________________
of ______________________
in the ______________________

Do solemnly declare that

1. I am the ______________________
of ______________________
the applicant issuer and as such have knowledge of the facts herein deposed to.

2. All of the information contained in the listing application hereto attached and in the documents filed in connection therewith is true and correct to the best of my knowledge, information and belief.

3. The list of securityholders filed in connection with this application is a true and correct list and the securityholders whose names appear thereon (except the registered holders of street certificates) are all bona fide securityholders beneficially entitled to the number of securities set opposite their respective names, to the best of my knowledge, information, and belief.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

Signature of Declarant ______________________

Declared before me at the ______________________
in the ______________________
this ______________________ day of ______________________ in the year of ______________________

A Commissioner, etc.

A Notary Public, etc.

Notary’s Seal ______________________

Note: 1. This application must include statutory declarations or affidavits of the President and Secretary of the Applicant, or, if either be not available, then of another competent officer.

2. If the declarations are made outside the Province of Ontario they must be made before a Notary Public.

3. If the declarations are made outside of Canada, use corresponding forms.
Appendix A

Statutory declarations by Applicant’s officers (2)

Dominion of Canada

Province of ____________________________

County of ____________________________

In the matter of an application for listing the securities of ____________________________ on the Toronto Stock Exchange

I, ____________________________

of the ____________________________
in the ____________________________

Do solemnly declare that

1. I am the ____________________________ of ____________________________

the applicant issuer and as such have knowledge of the facts herein deposed to.

2. All of the information contained in the listing application hereto attached and in the documents filed in connection therewith is true and correct to the best of my knowledge, information and belief.

3. The list of securityholders filed in connection with this application is a true and correct list and the securityholders whose names appear thereon (except the registered holders of street certificates) are all bona fide securityholders beneficially entitled to the number of securities set opposite their respective names, to the best of my knowledge, information, and belief.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

Signature of Declarant

Declared before me at the ____________________________ of ____________________________ in the ____________________________ of ____________________________ this ________ day of ____________________________ in the year of ____________________________

A Commissioner, etc.

A Notary Public, etc.

Notary’s Seal

Note: 1. This application must include statutory declarations or affidavits of the President and Secretary of the Applicant; or, if either be not available, then of another competent officer.

2. If the declarations are made outside the Province of Ontario they must be made before a Notary Public.

3. If the declarations are made outside of Canada, use corresponding forms.
In consideration of the listing on The Toronto Stock Exchange (hereinafter called the “Exchange”) of securities of the undersigned (hereinafter called the “Applicant”), the Applicant agrees with the Exchange as follows:

1. The Applicant will comply with all Exchange requirements applicable to listed companies, including Exchange rules, policies, rulings and procedural requirements, and any additions or amendments which may be made thereto from time to time, which rules, policies, rulings and procedural requirements may be in addition to or in lieu of the provisions of this agreement.

2. Without limiting the generality of Paragraph 1 hereof, the Applicant shall:
   a. not issue any securities (other than debt securities which are not convertible into equity securities) without the prior consent of the Exchange;
   b. not undergo a material change in its business or affairs without the prior consent of the Exchange, unless the Applicant is exempted from this requirement by the Exchange;
   c. maintain transfer and registration facilities in the City of Toronto where all listed securities shall be directly transferable and registerable, and no fee shall be charged for the transfer and registration of such securities (other than government stock transfer taxes) after the Exchange has exempted the Applicant from the requirement referred to in clause b) hereof;
   d. notify the Exchange at least seven trading days in advance of each dividend record date;
   e. forthwith file with the Exchange four copies of all financial statements (or one copy if filed through SEDAR) required to be published or filed for inspection by law, including the Applicant’s law of incorporation or applicable securities legislation, or by the Exchange;
   f. file with the Exchange four copies of all notices, reports or other written correspondence sent by the Applicant to its holders of listed securities concurrently with the sending of such correspondence to the securityholders;
   g. notify the Exchange on a monthly basis of any changes to the number of issued securities of any listed class (nil reports not being required);
   h. not change the provisions attaching to any warrants, rights or other securities outstanding from time to time (other than debt securities which are not convertible into equity securities) without the prior consent of the Exchange;
   i. pay, when due, any applicable fees or charges established by the Exchange from time to time; and
   j. furnish to the Exchange, at any time upon demand, such information or documentation concerning the Applicant as the Exchange may reasonably require.
Appendix A

3. The Exchange shall have the right, at any time, to halt or suspend trading in any listed securities of the Applicant with or without notice and with or without giving any reason for such action, or to delist such securities, provided that the Exchange shall not delist securities of the Applicant without providing the Applicant with an opportunity to be heard.

Name of Applicant

______________________________

Signature

Print Name

Position with Applicant

______________________________

Signature

Print Name

Position with Applicant

______________________________
APPENDIX B
DISCLOSURE STANDARDS FOR COMPANIES ENGAGED IN MINERAL EXPLORATION, DEVELOPMENT & PRODUCTION

1.0 INTRODUCTION

The disclosure of the results of exploration and development activity on mineral properties must comply with the requirements of the Toronto Stock Exchange Policy Statement on Timely Disclosure, the Ontario Securities Act and all applicable policies and rules of the Ontario Securities Commission and any other securities regulatory body having jurisdiction over an issuer listed on the Exchange. In particular, the requirements of National Instrument 43-101 must be followed.

The purpose of the standards is to set out the requirements of the Toronto Stock Exchange when a company provides information to investors, regulators and/or the media regarding its properties, whether such information is contained in a news release, a continuous disclosure document such as an annual report, or other form of communication, including, but not limited to, printed investor relations material and electronic publications such as Internet Web sites. These standards do not apply to prospectuses or listing applications, the standards for which are contained in the policies and rules of the securities commissions and the Exchange. These standards are also not intended to establish requirements for the content of technical reports.

Any information published by or on behalf of a company must comply with these standards. If a company becomes aware of information published by others regarding its mineral properties which is materially misleading to investors, it should take appropriate action to correct such information or otherwise make it known that it is not responsible for publishing such information and does not necessarily agree with such statements.

Disclosure concerning mineral properties should identify the “qualified person” as defined in NI 43-101 who is responsible for the work conducted on the property and such person shall have read and approved of the technical disclosure.

1.1 NEWS RELEASES

The standards herein provide guidelines for the content of news releases which when combined with the disclosure requirements of NI 43-101 require more comprehensive disclosure. While this may result in additional time and money being expended on news releases, it is intended that the public receive more and better information in order that it can make better informed investment decisions.

The prescribed information may be provided by reference to previous news releases or other documents, as long as they are readily obtainable from the company by fax, mail or in a Web site. For instance, when a company first announces exploration results from a property, it must describe the geological environment of the property; however, it may not be necessary to repeat that information in every news release subsequently issued regarding the same property. The subsequent news releases may instead refer to previous releases or other documents and indicate how they may be obtained.

1.2 CONTINUOUS DISCLOSURE DOCUMENTS

Disclosure in documents such as annual and quarterly reports must be as complete as possible in compliance with these standards and NI 43-101. Periodic reports must provide summary information on activities on all material properties. Where work has been discontinued on properties about which the company has made prior disclosure, there must be further information provided as to any undisclosed results and reasons for the cessation of work. Such disclosure should be provided even on properties which are no longer material so that shareholders are reasonably well informed of the company’s activities.

1.3 WEB SITES

Companies which maintain corporate Web sites must provide the address of the Web site in all corporate disclosure materials. Any such disclosure should also be posted on the Web site immediately after it has been otherwise published. All news releases containing information on a material exploration property should be posted on the Web site until such time as the company has disclosed that it has discontinued work on a property, or no longer has an interest in the property, or the information has been superseded by disclosure of further work on the property.

2.0 EXPLORATION RESULTS

2.1 GENERAL REQUIREMENTS

When disclosing the results of exploration activity on its properties, a company shall state the source of the information when it was not obtained by the company itself. The company shall also provide the
Appendix B

name(s) of the qualified person(s) responsible for the design and conduct of the exploration program. The relationship of such person(s) to the company shall also be disclosed.

Apart from disclosure of results of exploration activities as described in more detail below, a general description of the geological environment must be disclosed, including any known potential for problems, such as extremely erratic results or significant metallurgical difficulties.

If the company releases partial results, e.g., the first two holes of a six hole program, it must ensure that the balance of the results are disclosed in a timely manner whether the results are positive or negative.

Where possible, the company should provide information in table form for ease of understanding and publish maps, plans or sections as appropriate to the information and the stage of development of the property.

2.2 PRELIMINARY RESULTS

Early exploration activity designed to yield information as to the possible existence and location of minerals of value, e.g., geophysical surveys or soil sampling, when disclosed, must be clearly described as preliminary in nature and not conclusive evidence of the likelihood of the occurrence of a mineral deposit. A description of the type of survey or the sampling methods, e.g., grab, chip or channel samples, and spacing intervals must be included. The company must also disclose who undertook the program, and their relationship to the company.

Analytical results should be reported in a timely and responsible manner. In circumstances where extremely high grades are encountered, it is important that the qualified person provide disclosure as to the comparability of the results with past results or, if there are no past results, with expected results based on geology. The sample grades reported should conform to industry best practices, such as ounces per ton or grams per tonne for precious metals, so as not to confuse the reader.

Visual estimates of quantity or grade of mineralization should not be reported. Observations of mineralization from outcrop, trench or drill samples should be reported only when analytical results will not be readily available and the presence of the mineralization is deemed to be material by the qualified person responsible for the project. What is then reported should be carefully and completely described in terms that will not lead unsophisticated investors to conclude that the information can be interpreted with the same confidence as assay results.

Similarly, results of exploration for a polymetallic property must not be reported in "metal equivalents" prior to disclosing resources or reserves, and then only in limited circumstances as set out in NI 43-101 and the CIM Standards on Mineral Resources and Reserves.

If the property is one of the company's material properties, the company must also disclose any independent sampling or audit programs that have been or will be undertaken, by whom, and what their qualifications are. Data verification programs undertaken should be disclosed, including sampling methods, location and number of samples, and comparisons with the company's own results.

Recommended programs for further exploration should be described, including proposed methods, time frame and cost. The company should state whether it intends to carry out the program(s) and whether it has the funds available to do so.

2.3 ADVANCED RESULTS

When the company is releasing information as to advanced results, it must provide a description of the work undertaken and include all relevant details as to the methods used and who conducted the program in a similar manner as for preliminary results.

Results must not be disclosed selectively. If, for example, six holes are drilled and three return mineralization of interest, details of all six holes must be released, including location, direction, geological formations encountered, etc, so as to provide the reader with as complete a picture as possible to the nature of the prospect.

Grades reported should conform to industry best practices, such as ounces per ton or grams per tonne for precious metals, and a complete and accurate portrayal of the drill intersections, true widths, cut grades, etc, should be included.

For any material properties, the company must also disclose whether any independent sampling or audit programs have been or will be undertaken, by whom, and what their qualifications are. Data verification programs should be disclosed, including sampling methods, location and number of samples, and comparisons with the company's own results.

Care should be taken to provide consistent reporting throughout the life of the exploration program. Estimations of tonnage and average grade of mineralization may not be reported until the company has performed a resource calculation as set out in paragraph 3.1.
2.4 ASSAY RESULTS

The name of the analytical laboratories which assayed the material sampled must be disclosed together with their relationship to the company, if any. The accreditation of each laboratory, or lack thereof, must also be disclosed.

Assay results must include disclosure of the analytical method(s) used. If these are not standard procedures for the prospective minerals on the property, this should be disclosed in detail, including a discussion of the reasons for their use.

Complete disclosure of check assay results is not required. It is, however, a requirement that the company disclose the nature of the check assay program and whether the results are confirmatory.

3.0 RESOURCES AND RESERVES

3.1 DEFINITIONS

The use of the terms "resources" and "reserves" must conform to the definitions contained in NI 43-101, which adopts those published by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM). These include the sub-categories of measured, indicated and inferred for resources, and proven and probable for reserves. Other terms, though they have been often used within the industry, such as "in situ" resources or "geological" reserves, must not be used in public disclosure. If the location of the property is in another jurisdiction which has a definition of resources and reserves recognized by the Toronto Stock Exchange, such definition may be used, provided an exemption to NI 43-101, if necessary, has been obtained from the relevant securities commission and the definition used is identified. Significant differences between the definition used and that of the CIM must be described. For the purpose of these standards, recognized definitions include those of the IMM of the United Kingdom, the USGS of the United States and the JORC Code of Australia.

3.2 USE

All resource and reserve estimations disclosed must provide the name of the qualified person responsible for the calculation and his/her relationship to the company. The company must also state whether, and how, any independent verification of the data has been performed.

Particular care should be taken to distinguish between resources and reserves so that they are not assumed to be equivalent in the mind of the reader.

Resources and reserves should, whenever possible, be published in a manner so as not to confuse the reader as to the potential of the deposit. Inferred resources must not be aggregated with measured and indicated resources nor proven and probable reserves, as the case may be. Any categories of resources and reserves which are aggregated must also be disclosed separately.

When reserves are first reported, the key economic parameters of the analysis must be provided, such as operating and capital cost assumptions, and the assumed prices of the mineral commodities which could be produced. If the prices used differ from the current prices of the commodities, an explanation should be given, including the effect on the economics of the project if current prices were used. Sensitivity analyses may be used to provide a better understanding of the effects of changes in commodity prices on the economics of the project.

All reported quantities of resources and reserves must be expressed in terms of tonnage and grade. Contained ounces of gold, for example, should not be disclosed out of the context of the tonnage and grade of a deposit, with the possible exception of the resources and reserves of mining companies which have more than one mine in production. In that case, the company should not aggregate contained minerals from properties that are not in production with those that are in production.

Polymetallic resources and reserves must not be expressed in terms of "metal equivalents" except in the limited circumstances as set out in NI 43-101, F1, 1901 and the CIM Standards on Mineral Resources and Reserves. It is also inappropriate to refer to the gross value or in situ value of resources and reserves. Ascribing gross values to resources and reserves remaining in the ground without disclosing potential capital and operating costs and other economic factors is meaningless and potentially misleading.

4.0 DEVELOPMENT

Companies with properties which are at or near the development stage must avoid disclosure which leads investors to conclude prematurely that a mine is in production or is about to be placed in production. Care should be taken to distinguish between current and planned production rates. Operating capacities and production rates must be expressed in terms generally used in the mining industry and in a manner which is easily translated into gross revenues. Significant transportation costs, smelter losses, tolls or penalties for unwanted minerals should be disclosed for the same reason.
Appendix B

4.1 FEASIBILITY STUDIES

Feasibility studies (including pre-feasibility studies) are undertaken for the purpose of determining whether or not a mineral deposit can be developed into a viable operating mine. Such a study is necessary to establish the presence of reserves on a property. When a company discloses the results of a feasibility study, it must disclose the purpose and scope of the study as well as the conclusions. The identity and qualifications of the firm or individuals that prepared the report must be provided as well as their relationship to the company.

Key parameters of the feasibility study must be disclosed as in the case of the reporting of reserves.

4.2 VALUATIONS

Reporting of a valuation of a property must include the valuation method and all key assumptions. The purpose and scope of the valuation must also be disclosed. The author(s) of the valuation, their professional qualifications and their relationship with the company, if any, must be disclosed.

5.0 TENURE AND PERMITTING

Upon acquisition of a material property, companies must disclose the basic tenets of the regulatory system of granting the rights for exploration and exploitation of minerals in the jurisdiction where the property is located. This would include a brief description of the permitting process, including required environmental assessments and what progress has been made during the course of an exploration or development program.

Companies must also disclose their proportionate ownership at successive stages of property development and any significant constraints or obligations. This should encompass cash or share payments, work commitments and production royalties. Any adverse claims or disputes as to title or rights to the property must be described including what steps the company must take to resolve the dispute and how long it may take to reach a resolution. Properties located in foreign jurisdictions will require more complete disclosure of tenure and permitting issues. Disclosure must address any constraints on access to the property including whether or not the company owns the surface rights to the property and what impact this may have on the company's ability to explore and mine on the property.

6.0 PRODUCTION

Companies which publish their cost or anticipated cost of production, on a cost per unit basis, must clearly set out what costs are and are not included in the calculation. This provides investors with the ability to compare results of different companies which use different calculations. The Gold Institute has published a reporting standard for gold mines which is recommended for use by listed companies.

Production figures, including costs, that are disclosed on the basis of equivalents of a particular mineral (e.g., ounces of silver converted to equivalent ounces of gold) must include the amount of production of the secondary mineral and the value used for the conversion. Such conversions should be restricted to similar commodities, such as platinum group metals, and not used to convert base metals to precious metals, for example.

A similar breakdown of by-product production should be provided when it is treated as a cost reduction rather than as additional revenue.

Companies which do not have a 100% interest in the production from operating mines must avoid disclosure which provides gross production figures without also providing net figures or plain disclosure of the company's proportional interest in the operation.
APPENDIX C
TORONTO STOCK EXCHANGE ESCROW POLICY STATEMENT

I. Introduction
Effective June 30, 2002, the Canadian Securities Administrators ("CSA") introduced National Policy 46-201, Escrow for Initial Public Offerings, (the "National Policy") and a standard form of escrow agreement, Form 46-201F1, Escrow Agreement (the "Escrow Form"), in connection with the National Policy.

As determined by the CSA, the fundamental objective of escrow is to encourage continued interest and involvement in an issuer, for a reasonable period after its Initial Public Offering ("IPO"), by those principals whose continuing role would be reasonably considered relevant to an investor’s decision to subscribe to the issuer’s IPO.

All terms contained in the TSX Escrow Policy are as defined in the National Policy.

II. Application of the National Policy
Under the National Policy, escrow is not required for an issuer listing on TSX that, immediately after completion of its IPO, is:

(i) classified by TSX under sections 309.1, 314.1, or 319.1 of this Manual, as applicable, as an exempt issuer; or

(ii) a non-exempt issuer with a market capitalization of at least $100 million.

All other issuers completing initial public offerings and listing on TSX will be subject to the National Policy. Principals of such issuers will be required to place their securities in escrow under an escrow agreement in accordance with the terms of the National Policy, to be administered by the relevant CSA jurisdiction and not by TSX.

III. Application of the TSX Escrow Policy
The TSX Escrow Policy applies to issuers not otherwise subject to the National Policy that have:

(i) listed on TSX by completing reverse takeovers of TSX listed issuers ("backdoor listings"); or

(ii) conducted their IPOs in markets outside of a CSA jurisdiction within the 12 months preceding the date of the TSX listing application.

In deciding whether escrow is appropriate for such issuers, TSX will apply the principles of the National Policy. The provisions of the National Policy will be applied by TSX, including the use of the Escrow Form. TSX will administer escrow agreements entered into under the TSX Escrow Policy.

Subject to such terms and conditions as it may impose, TSX may:

(i) exempt a person or issuer from the provisions of the TSX Escrow Policy otherwise applicable; or

(ii) impose restrictions on a person or issuer beyond, or in addition to, those contained in the National Policy as applied to the TSX Escrow Policy where, in TSX’s opinion, it would be in the public interest to do so.

For issuers where escrow is required, a principal’s escrow securities are to be released as follows:

| On the date the issuer’s securities are listed on TSX (the listing date) | 1/4 of the escrow securities |
| 6 months after the listing date | 1/5 of the remaining escrow securities |
| 12 months after the listing date | 1/2 of the remaining escrow securities |
| 18 months after the listing date | the remaining escrow securities |

IV. Administration of Existing Escrow Agreements
Issuers may apply to TSX to amend the terms of existing TSX escrow agreements and to request the transfer of securities within escrow or the early release of securities from escrow to reflect the release terms of the National Policy. For non-TSX escrow agreements, issuers must apply to the relevant exchange or relevant CSA jurisdiction under which the escrow agreement was originally entered into for any specific request to approve the transfer of securities within escrow or for the early release of securities from escrow.

The National Policy and the Escrow Form may be found on the web sites of CSA members including, but not limited to, the Ontario Securities Commission (www.osc.gov.on.ca).

TSX Company Manual
APPENDIX D
TORONTO STOCK EXCHANGE POLICIES AND FORMS

PRIVATE PLACEMENT QUESTIONNAIRE AND UNDERTAKING
To be completed by each proposed private placement purchaser of listed securities or securities which are
convertible into listed securities.

QUESTIONNAIRE

1. DESCRIPTION OF TRANSACTION
   (a) Name of issuer of the Securities ________________________________
   
   (b) Number and Class of Securities to be Purchased ________________________________
   
   (c) Purchase Price ________________________________

2. DETAILS OF PURCHASER
   (a) Name of Purchaser __________________________________________
   
   (b) Address ________________________________________________
   
   (c) Names and addresses of persons having a greater than 10% beneficial interest in the purchaser
       ________________________________

3. RELATIONSHIP TO ISSUER
   (a) Is the purchaser (or any person named in response to 2(c) above) an insider of the issuer for the
       purposes of the Ontario Securities Act (before giving effect to this private placement)? If so, state
       the capacity in which the purchaser (or person named in response to 2(c)) qualifies as an insider.

   (b) If the answer to (a) is “no”, are the purchaser and the issuer controlled by the same person or
       company? If so, give details ________________________________________

4. DEALINGS OF PURCHASER IN SECURITIES OF THE ISSUER
   Give details of all trading by the purchaser, as principal, in the securities of the issuer (other than debt
   securities which are not convertible into equity securities), directly or indirectly, within the 60 days
   preceding the date hereof ________________________________

(CONTINUED ON FOLLOWING PAGE)
Appendix D

1302

UNDERTAKING

TO: The Toronto Stock Exchange

The undersigned has subscribed for and agreed to purchase, as principal, the securities described in Item 1 of this Private Placement Questionnaire and Undertaking.

The undersigned undertakes not to sell or otherwise dispose of any of the said securities so purchased or any securities derived therefrom for a period of four months from the date of the closing of the transaction herein or for such period as is prescribed by applicable securities legislation, whichever is longer, without the prior consent of The Toronto Stock Exchange and any other regulatory body having jurisdiction.

DATED AT ______________________ __________________________________________
this __________ day of __________
20 __________

(Name of Purchaser — please print)

(Official Capacity — please print)

(please print here name of individual whose signature appears above, if different from name of purchaser printed above)
Appendix D

REQUIREMENTS RESPECTING SHARE CERTIFICATES

Listed companies that qualify for the use of the book entry only system administered by the Canadian Depository for Securities Limited need only provide the Exchange with a copy of their global certificate. All other listed companies must satisfy Exchange requirements for generic certificates or customized share certificates as detailed below.

GENERIC CERTIFICATES

Listed companies may use generic certificates that comply with the Security Transfer Association of Canada requirements ("STAC Requirements"). When proposing to use generic certificates, the listed company must provide the Exchange with a definitive specimen of the certificate and a letter from the issuing transfer agent confirming that the generic certificate is in compliance with all STAC Requirements. Listed companies interested in using generic certificates and information on STAC Requirements should contact their transfer agent.

CUSTOMIZED SHARE CERTIFICATES

EXEMPT INDUSTRIAL COMPANIES

[¶1450-077]

GENERAL

1. All certificates representing shares of Industrial companies listed on The Toronto Stock Exchange shall be printed in a manner acceptable to the Exchange by a recognized bank note company (or its affiliates) which has been approved by the Exchange for this purpose.
2. All share certificates shall be 12" × 8" (30.48 cm. × 20.32 cm.) in size.
3. All dies, rolls, plates and other engravings used in the manufacture of certificates shall, at all times, be and remain in the possession of the producing bank note company.
4. The design of share certificates shall include:
   (a) a vignette;
   (b) a “title” or corporate name of the issuer;
   (c) a general or promissory text;
   (d) a colour panel or panels, or a colour border in lathe pattern, of not less than 10 square inches in total area;
   (e) a space to indicate ownership and denomination, generally referred to as the “open throat” area;
   (f) a printed underlay in black or in colour in the area of the “open throat”;
   (g) a printed underlay in colour other than black in the area of the general or promissory text;
   (h) a CUSIP number (obtainable from The Canadian Depository for Securities);
   (i) a prominent indication of the class of shares to which the certificate refers;
   (j) the names of the transfer agent(s) and registrar(s), if other than the issuing company;
   (k) original or facsimile signatures of one or more officers of the issuer;
   (l) a document control or serial number; and
   (m) the name of the bank note company producing the certificate.
5. Certificates shall provide for transfer and registration in Toronto. When shares are transferable in other cities, the certificates shall be identical in colour and design with the Toronto certificates, except as to the names of the transfer agent and registrar, and shall bear a legend naming all cities where transferable.
6. Where a single denomination certificate is issued it shall be completed in accordance with the above requirements using a penetrating ink ribbon.
7. The denomination of a share certificate shall be indicated:
   (a) in the upper right-hand quadrant of the certificate in an area bearing an underlay of fine intaglio lines,
   (i) in the case of a board lot certificate by printing in numerical form,
   (ii) in the case of a certificate for less than 100 shares by computer printing or typewriting using a penetrating ink ribbon or by a process of paper maceration in numerical form.
   (b) in the “open throat” area,

TSX Company Manual

¶1450-077
Appendix D

(i) by computer printing or typewriting using a penetrating ink ribbon in alphabetized form, or
(ii) by a process of paper maceration in numerical form.

Where a single denomination share certificate is issued, the denomination shall be indicated by using a penetrating ink ribbon to express the denomination numerically in the “open throat” area using the matrix concept in which the number is inscribed in successively staggered positions on five consecutive lines or, alternatively, using a process of paper maceration in which the number is inscribed in a single line.

8. Share certificates shall be printed on paper produced exclusively for use by a bank note company, containing a multi-toned and multi-directional watermark design acceptable to the Exchange.

INTAGLIO CONTENT

9. Share certificates shall be so printed that
   (a) an intaglio printing in colour other than black is made of the border or panel portions of the design, and of an underlying tint in the denomination “counter”;
   (b) an intaglio printing in black is made of the vignette, the general or promissory text and the corporate name;
   (c) an intaglio printing is made of wording or an abridgement of words in micro lettering of a size below normal readable limits, and in repetition.

For the purpose of these regulations, intaglio printing is defined as that process commonly used in bank note production in which ink is transferred to the paper from line engravings.

10. Where a company has two or more classes of stock listed, the certificates representing the different classes shall be substantially different in colour, as produced by the intaglio printing.

11. The general or promissory text shall be produced from line engravings in “script” style lettering.

VIGNETTES

12. Vignettes shall be at least 3.1 square inches (20 square centimeters) in area, and shall display a wide range of tonal quality from very light to very heavy lines, with ample content of middle tones and graduating shades. They shall consist of lines of differing vertical dimensions, some of which shall measure 25 microns perpendicular to the normal plane of paper.

13. Vignette designs shall not consist of a monogram, trade mark or other company symbol only, but shall include some plainly discernible features of at least a part of the human form.

MISCELLANEOUS

14. A form of assignment shall be printed legibly on the back of each certificate in a colour other than black.

15. No impression shall be made on the face of a share certificate by means of a hand stamp, except to inscribe a date or the name of the registered holder.

16. Temporary or interim share certificates may be used for an emergency only and for a period not exceeding four months, subject to prior approval of the Exchange. In such circumstances, the promissory text and corporate name may be printed by other than the intaglio process and a vignette may be omitted, so long as the certificates comply with all other technical requirements for share certificates. All temporary or interim share certificates shall be imprinted with the words “interim” or “temporary” in prominent colour and size at the top of the face.

17. Any listed company changing its name or revising or changing its share capital by redesignating its shares may overprint the share certificates to give effect to such change, preferably by the silvering-over process, subject to prior approval of the Exchange.

18. Share certificates containing any additional security features not mentioned above, such as a latent image, are acceptable to the Exchange provided the minimum requirements as set out herein are met.

MINING, OIL AND GAS, AND NON-EXEMPT COMPANIES

1. All certificates representing shares of Mining or Oil and Gas companies listed on the Exchange shall be printed in a manner acceptable to the Exchange by a recognized bank note company (or its affiliates) which has been approved by the Exchange for this purpose.

2. Share certificates shall comply with requirements 2 to 18 inclusive respecting share certificates for Industrial companies, with the exception that requirements 4(a), 4(g), 9(b), 9(c) and 11 to 13 shall not apply.
Appendix D

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REQUIREMENTS RESPECTING
CERTIFICATES FOR RIGHTS AND
SHARE PURCHASE WARRANTS

1. Certificates for rights and share purchase warrants shall be printed in a manner acceptable to the Exchange by a recognized bank note company (or its affiliates) which has been approved by the Exchange for this purpose.

2. Certificates for rights and share purchase warrants must be of the same size as share certificates and shall meet the same requirements for intaglio printing in colour of the border or panels, including CUSIP numbers. However, under certain circumstances, such as when timing is critical, listed companies will be permitted to use a true continuous form of lithographed certificate for rights or share purchase warrants only, subject to prior approval of the Exchange.
STATEMENT SHOWING NUMBER OF SHAREHOLDERS
(Separate forms to be made out for each class of stock for which application is made)

(Name of Company)

DISTRIBUTION OF [ ] STOCK AS OF [ ] 19

(Class of Stock)

<table>
<thead>
<tr>
<th>Number</th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holders of 1–24 share lots</td>
<td></td>
</tr>
<tr>
<td>Holders of 25–99 share lots</td>
<td></td>
</tr>
<tr>
<td>Holders of 100–199 share lots</td>
<td></td>
</tr>
<tr>
<td>Holders of 200–299 share lots</td>
<td></td>
</tr>
<tr>
<td>Holders of 300–399 share lots</td>
<td></td>
</tr>
<tr>
<td>Holders of 400–499 share lots</td>
<td></td>
</tr>
<tr>
<td>Holders of 500–999 share lots</td>
<td></td>
</tr>
<tr>
<td>Holders of 1,000-up share lots</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Total shares</th>
</tr>
</thead>
</table>

The ten highest holders on the above date held as follows:
1. Shares
2. Shares
3. Shares
4. Shares
5. Shares
6. Shares
7. Shares
8. Shares
9. Shares
10. Shares

Total Shares

Is any of the above-mentioned stock pooled, deposited in escrow, non-transferable, or held under any syndicate agreement or control, according to your records? 

If so, state the number of shares

If so, attach detailed explanation, including certified copies of all agreements

On attached sheet is a list showing the names and holdings of all shareholders holding 500 shares or more.

Certified Correct.

By ____________________________
(Transfer Agent or Registrar)

Date ____________________________ Per ____________________________

This statement is to be certified by the transfer agent or registrar

¶1450-078 © 2003, CCH Canadian Limited
DISTRIBUTION OF STOCK
(Separate forms to be made out for each class of stock for which application is made)

(Name of Company)          (Class of Stock)
Distribution of stock on ________________ 19 __________

I, ____________________________, ________________________
of ____________________________, ________________________
hereby certify that of the ________________ outstanding shares of __________________ stock of the
company there are ________________ shares distributed to and in the hands of the public (exclusive
of officers, directors, promoters, participants directly or indirectly in the controlling group, underwriters
or sub-underwriters of shares of the Company, or their nominees, agents, or trustees) and such shares are
distributed among __________________ shareholders and are not pooled, escrowed, non-transferable,
bound by any agreement, or restricted as to sale or transfer in any manner whatsoever to the knowledge
of the Company.

The ________________ share difference (i.e., difference between the outstanding amount and amount
distributed to and in the hands of the public) is held by __________________ shareholders as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Relationship to Company</th>
<th>Number</th>
<th>Number of Shares Held</th>
</tr>
</thead>
</table>

The names, addresses, and shareholdings of the ten largest registered shareholders are set out hereunder,
and if, to the knowledge of the Company, such shares are registered in the names of nominees, the
names and address of the beneficial owner is given:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Number of Shares</th>
<th>Name and Address of Beneficial Owner</th>
</tr>
</thead>
</table>

Certified Correct,
By ____________________________
(Transfer Agent or Registrar)

Date ________________
(Office held)

This statement is to be certified by a responsible officer of the Company
NOTICE OF A PROPOSED PRIVATE PLACEMENT

1. Name of issuer:

2. Description of securities to be placed:
   (a) class
   (b) number
   (c) price
   (d) voting rights
   (e) if there are tax credits attached to the securities, please describe

3. Number of currently issued and outstanding shares of each class of shares of the company, excluding non-voting preferred shares

4. Is the placement entirely or in part non-arm's length?
   (For this purpose, a non-arm's length private placement includes a transaction in which any director or officer of the issuer, or any beneficial owner of securities carrying more than 10% of the voting rights attaching to all outstanding voting securities of the issuer, has a beneficial interest, direct or indirect.)
5. If the answer to question 4 is yes:
   (a) percentage of placement which is non-arm's length
   (b) for each non-arm's length placee, state the placee's name, current holdings of voting securities of the issuer (direct or indirect) in terms of number and percentage, and the number of securities to be purchased under the private placement

   (c) holdings of voting securities of the issuer (direct or indirect) of each non-arm's length placee after the placement in terms of number and percentage

   (d) if the issuer is providing any financial assistance to the placee to facilitate the purchase, by way of loan, guaranty or otherwise, give particulars

6. Has the issuer completed any other private placements within the past six months (include private placements that have been negotiated and are expected to be completed)

7. If the answer to 6 is yes:
   (a) dates on which each private placement closed and the number and class of listed securities issued or issuable under each placement

   (b) number of securities of each class of equity securities issued and outstanding at the beginning of the six-month period, excluding non-voting preferred shares

   (c) state whether shareholders approved any of the private placements and, if so, identify which private placements were so approved
8. If the issuer is subject to Section 502:
   (a) Could the placement potentially result in a change of control?

   If so, identify the potential new controlling shareholder(s)

   ____________________________

   ____________________________

   ____________________________

   (b) What will be the use of proceeds?

   ____________________________

   ____________________________

   ____________________________

9. Any significant information regarding the proposed private placement not disclosed above

   ____________________________

   ____________________________

   ____________________________
POLICY STATEMENT ON SMALL SHAREHOLDER SELLING AND PURCHASE ARRANGEMENTS

Introduction

Listed companies may reduce the number of holders of odd lots by using the procedure set out in this Policy. The benefits to listed companies of reducing the number of odd lot holders include reducing the expenses of printing and distributing quarterly reports, annual reports, proxy solicitation materials, mailing dividend cheques, as well as expenses of the transfer agent. In addition, Participating Organizations benefit by a reduction in the administrative costs of distributing shareholder materials to odd lot holders with shares registered in nominee form.

A major difficulty encountered by odd lot holders in disposing of their shares, or in buying a sufficient number of shares to increase their holding to the level of a board lot, are the minimum commissions frequently charged by Participating Organizations to execute a transaction. The minimum commission rates may make the sale or purchase of an odd lot relatively costly. A procedure that enables odd lot holders to sell their shares, or to acquire a sufficient number of shares to constitute a board lot, without incurring this cost benefits odd lot holders as well as listed companies.

The procedure described in this Policy Statement is intended to satisfy these objectives at a reasonable cost to listed companies. It is consistent with the objective of the Exchange to enhance the marketability of small holdings. This objective was also advanced by the elimination of the premium or discount formerly charged for the purchase or sale of odd lots in the case of odd lot market and limit orders sent through the Exchange’s MOST and LOTS trading systems. See Notice to Members No. 84-249, dated November 8, 1984.

The procedure described below must be followed where a listed company seeks the assistance of a Participating Organization to solicit odd lots for resale on the Exchange, or to offer to defray the commissions payable by odd lot holders in acquiring additional shares on the Exchange to make up a board lot.

Procedures Applicable to Small Shareholder Selling and Purchase Arrangements

Sec. 1. General. — Under a Small Shareholder Selling Arrangement (a “Selling Arrangement”) a listed company agrees to pay a fee per odd lot account to Participating Organizations to sell shares on behalf of odd lot holders. Under a Small Shareholder Purchase Arrangement (a “Purchase Arrangement”) a listed company agrees to pay a fee per odd lot account to Participating Organizations to purchase a sufficient number of shares on behalf of odd lot holders to constitute a board lot.

The listed company shall request odd lot holders wishing to take advantage of an Arrangement to either:

1. place orders under the Arrangement with any Participating Organization of the Exchange, or
2. transmit orders under the Arrangement directly to the listed company or an agent (such as a broker or transfer agent) designated by it.

If option (1) is selected, a Participating Organization shall be appointed as Manager of the Arrangement and shall be responsible for maintaining records of transactions and remitting the fees payable to other Participating Organizations. Special procedures applicable to options (1) and (2) are set out in items #3 and #4 below.

Sec. 2. Trading Odd Lots. — A Selling Arrangement may be carried out in one of two ways:

1. the shares tendered by odd lot holders must be aggregated into board lots and sold promptly by a Participating Organization on the Exchange; or
2. the shares must be sold promptly in the form of odd lots through MOST (the “Market Order System of Trading”). In the event that odd lots are sold through MOST the responsible Registered Trader will aggregate odd lots for resale in the normal course of his activities.

Similarly, under a Purchase Arrangement a Participating Organization must promptly acquire a sufficient number of shares to increase an odd lot holder’s holdings to a full board lot either (1) by purchases by the Participating Organization on the Exchange, or (2) through MOST.

Sec. 3. Rules Applicable to Arrangements through Participating Organizations. — The following applies to Arrangements where odd lot holders are to place orders with any Participating Organization of the Exchange (option (1) under item #1).

a) It is anticipated that many odd lot holders will not currently have an account with a Participating Organization. In order to simplify the administration of an Arrangement being effected through Participating Organizations, new account forms are not required to be completed for odd lot holders and transactions made pursuant to an Arrangement may be effected through an omnibus account. The Participating Organization must maintain...
proper records of orders as required by section 16.03 of the General By-law.

(b) If required by the listed company Participating Organizations selling odd lots on behalf of clients under a Selling Arrangement, or purchasing shares under a Purchase Arrangement, shall prepare a signed statement that to the best of the knowledge of the representative of the Participating Organization the shares of each named beneficial owner sold under a Selling Arrangement constitute all of the shares owned by such beneficial owner and that the number of shares purchased under a Purchase Arrangement for each named beneficial owner is the number of shares required to increase each beneficial owner’s holding to the level of one board lot, and shall keep each such statement in its files for inspection by the Exchange. Participating Organizations are not required to disclose the names of their clients to the Manager of an Arrangement or the listed company.

(c) In the event that odd lots are held in the name of a Participating Organization on behalf of a customer who wishes to sell his shares pursuant to a Selling Arrangement the Participating Organization shall either (i) sell such shares on behalf of the customer pursuant to the Arrangement, (ii) provide the customer with deliverable securities in order to permit the customer to tender such securities to another Participating Organization along with a certificate stating that, to the best of the Participating Organization’s knowledge, the customer held a stated number of shares as of the record date of the Arrangement, or (iii) tender such shares to another Participating Organization who is willing to sell the shares pursuant to the Arrangement on behalf of the customer.

(d) The Participating Organization appointed as Manager of an Arrangement shall maintain records of the transactions effected by Participating Organizations pursuant to the Arrangement. Participating Organizations shall report such transactions to the Manager on a weekly basis. The Manager shall remit the amount offered by the listed company per odd lot account promptly after the receipt of each weekly report. The amount receivable by each Participating Organization is required to be used, in its entirety, to replace or reduce the normal brokerage commissions otherwise payable by odd lot holders.

(e) The price received or to be paid for an odd lot shall be the market price at which the trade is executed by the Participating Organization. If the shares of an odd lot holder are sold or purchased as part of more than one board lot and different prices are received or paid, the amount remitted to the customer, or paid by the customer, shall be the average price and the confirmation must disclose that an average price has been used and must list the prices at which the trades were made.

The Exchange anticipates that the Participating Organization appointed as Manager of an Arrangement will advise the listed company concerning a reasonable fee payable per odd lot account.

Sec. 4. Rules Applicable to Arrangements through the Company. — The following applies to Arrangements where odd lot holders are to place orders through the listed company or an agent designated by it (option (2) under item #1).

(a) The listed company or its agent shall send orders received pursuant to the Arrangement to one or more Participating Organizations of the Exchange for execution forthwith after clearance of such orders for trading. Orders received and cleared for execution shall be placed with the Participating Organization no later than 12:00 p.m. on the next business day for execution on the Exchange. Orders may be aggregated, but not netted, by the listed company or its agent.

(b) The Participating Organization shall execute aggregated buy or sell orders as soon as possible, subject to its discretion in fulfilling its obligation to obtain the best available price for the customer and to avoid any undue impact on the market price.

(c) The price received or to be paid for an odd lot shall be the average price received on all orders placed with the Participating Organization for execution on a given day, regardless of when any of such orders are executed.

(d) In addition to the information required by item #8, the disclosure document shall contain a statement that the price received or to be paid for an odd lot will be the average price received on all orders placed with the Participating Organization for execution on a given day, regardless of when any of such orders are executed. Estimate the period of time required for mailing and clearing an order, and state that the market price of the stock may change during such period.

Sec. 5. Obligations to Odd Lot Holders. — A Participating Organization must obtain the best price available for its customer (the odd lot holder) in executing trades pursuant to an Arrangement. Notwithstanding any financial arrangement with the listed company, Participating Organizations must satisfy their fiduciary duty to odd lot holders in accordance with this Policy Statement and the law. The listed company shall not, directly or indirectly, influence the time, price, amount or manner of sales or purchases of odd lots.

Subject to any agreement to the contrary, Participating Organizations may acquire or sell odd lots in
principal transactions in accordance with Part XVI of the Exchange’s Policies entitled “Procedures and Guidelines Relating to Principal Transactions”. Participating Organizations may not be a prominent influence in the market for the shares at a time when a principal transaction is proposed to be executed.

Sec. 6. Shareholders Eligible to Participate. — Only persons who are holders of less than one board lot as defined in Rule 1-101 of the Rules of the Exchange are eligible to participate in either type of Arrangement. The determination as to whether a person is the holder of an odd lot shall be made as of a record date established by the listed company. The record date must be prior to the public announcement of the Arrangement in accordance with paragraph 7 hereunder in order to ensure that board lots will not be broken up in order to participate in the Arrangement:

An Arrangement is required to be extended to both registered holders of odd lots and beneficial owners of odd lots registered in nominee form. The Exchange will approve an Arrangement directed to the holders of a specific number of shares or less that does not include all odd lot holders where it is satisfied that holders of more than the specified number of shares are not disadvantaged as a result of minimum commission rates.

The Exchange recognizes an exception from the requirement that either type of Arrangement be extended to all odd lot holders in the case of participants in share ownership plans established by a company for its employees and in the case of participants in dividend reinvestment plans. Since plans of this kind are intended to promote share ownership as an incentive to employees and shareholders and provide a special advantage to its participants listed companies may wish to exclude plan participants from an Arrangement. Accordingly, a listed company will be permitted to exclude from an Arrangement any participant in a bonus, profit-sharing, pension, retirement, incentive, stock purchase, stock ownership, stock option or similar plan instituted for employees of the listed company or its subsidiaries or any participant in a dividend reinvestment plan instituted by the listed company.

Sec. 7. Duration of an Arrangement. — An Arrangement is required to remain open for at least thirty calendar days from acceptance by the Exchange in order to ensure adequate dissemination of information. An Arrangement may continue for a period of three months and may thereafter be renewed upon application to the Exchange.

Sec. 8. Dissemination of Information. —

(a) The listed company shall file with the Market Policy Division of the Exchange a copy of a draft press release announcing an Arrangement and a draft disclosure document which includes the information required under clause (c) at least one week before the record date. The press release shall not be issued and the disclosure document shall not be distributed to shareholders until approval has been given by the Exchange.

(b) A press release shall be issued on the first business day following the record date after approval has been given by the Exchange.

(c) A disclosure document shall be sent by the listed company to each shareholder of record that holds an odd lot. Where a shareholder of record holds shares on behalf of other persons, the listed company shall provide, upon the request of such holder, a sufficient number of copies for each beneficial owner of an odd lot.

The disclosure document, the original of which must be signed by a duly authorized officer of the listed company and filed with the Exchange, shall include the following items of information:

(i) Name of listed company and the nature of the Arrangement being made available to odd lot holders.

(ii) A description of the class or classes of shares subject to the Arrangement and the holders eligible to participate.

(iii) Statement that the listed company will pay one or more Participating Organizations a fee to sell or purchase odd lots, as the case may be, in the open market on behalf of odd lot holders. State the amount payable by the listed company to Participating Organizations per odd lot account. State that, for the purpose of the Arrangement, the odd lot holder is the customer of the Participating Organization agreeing to sell or purchase shares, as the case may be, pursuant to the Arrangement and that the Participating Organization is required to obtain the best available price for the odd lot holder.

(iv) If applicable, state that the Participating Organization may purchase or sell odd lots under the Arrangement as principal in accordance with Exchange Requirements.

(v) State the duration of the Arrangement.

(vi) State the purpose of the Arrangement.

(vii) Describe the procedure that must be followed by both registered odd lot holders and beneficial owners of odd lots held in nominee form to participate in an Arrangement.

(viii) Indicate the name, address and telephone number of the department or person at the listed company from whom additional information may be obtained. State that the odd lot holder should consider contacting his broker concerning the advisability of participating in the Arrangement.

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Arrangement. Upon acceptance by the Exchange the listed company shall issue a press release announcing the renewal of the Arrangement.

**Normal Course Issuer Bids**

The procedure described herein is the exclusive method that may be used by a listed company to solicit odd lots for resale on the Exchange, or to offer to assist odd lot holders in acquiring additional shares on the Exchange to make up a board lot.

A listed company may also purchase odd lots offered in the marketplace pursuant to a normal course issuer bid implemented in accordance with the Policy Statement on Normal Course Issuer Bids.

A listed company may have both a Normal Course Issuer Bid, and either a Selling Arrangement, or a Purchase Arrangement, or both, in effect at the same time.

**Advantages of a Small Shareholder Selling Arrangement**

The advantages perceived by the Exchange in the use of a Small Shareholder Selling Arrangement compared to the direct repurchase of shares by the listed company are as follows:

(i) It is a much less costly method of reducing shareholder service expenses than the repurchase of shares.

(ii) It minimizes the unequal treatment among shareholders that occurs when an issuer bid is made to holders of odd lots only.

(iii) An Arrangement is not subject to the maximum volume limitation applicable to the issuer bid exemption provided under paragraph 93(3)(f) of the Securities Act (Ontario).

**Advantages of Small Shareholder Purchase Arrangement**

The Exchange encourages the use of a Purchase Arrangement either alone, or in conjunction with a Selling Arrangement, because it fosters an expanded shareholder base for TSX listed companies. The TSX is of the view that the vitality of the Canadian capital markets is enhanced by the participation of such investors and that both Selling Arrangements and Purchase Arrangements assist in promoting this objective by enhancing the marketability of small holdings.

**Powers of the Exchange**

The Exchange may, subject to such terms and conditions as it may impose:

(i) exempt any listed company from the requirements of this Policy Statement where, in the Exchange's opinion, it would not be prejudicial to the public interest to do so; and

(ii) require such further disclosure by, or impose such further obligations on, a listed company as, in the Exchange's opinion, would be beneficial to the public interest.

**Enquiries**

The materials required to be filed under this Policy Statement should be addressed to the Market Policy Section of the Exchange relating to Small Shareholder Selling Arrangements and Purchase Arrangements should also be directed to the Market Policy Section.
PART 4 — TRADING OF LISTED SECURITIES

DIVISION 3 — RESTRICTIONS ON TRADING

¶1450-086

4-305. Sales from Control Block
Through the Facilities of the Exchange

1. Filing — The seller shall file Form 45-102F3 under Multilateral Instrument 45-102 with the Exchange at least seven days prior to the first trade made to carry out the distribution.

2. Notification of Appointment of Participating Organization — The seller must notify the Exchange of the name of the Participating Organization which will act on behalf of the seller. The seller shall not change the Participating Organization without prior notice to the Exchange.

3. Acknowledgement of Participating Organization — The Participating Organization acting as agent for the seller shall give notice to the Exchange of its intention to act on the sale from control, and such notice shall be accepted in writing by the Exchange, before any sales commence.

4. Report of Sales — The Participating Organization shall report in writing to the Exchange Division on the last day 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 Participating Organization shall so report forthwith in writing to the Exchange.

5. Issuance of Exchange Bulletin — The Exchange shall issue a bulletin respecting the proposed sale from control which bulletin will contain the name of the seller, the number of securities of the listed company held by the seller, the number proposed to be sold, and any other information that the Exchange considers appropriate. The Exchange may issue further bulletins from time to time regarding the sales made by the seller.

6. Special Conditions — 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 acting independently.

7. Term and Renewal — The initial filing of Form 45-102F3 is valid for a period of 60 days and a renewal of the Form 45-102F3 must be filed with the Exchange every 28 days thereafter if sales are to continue.

8. First Sale — The first sale cannot be made until at least 7 days after the filing of Form 45-102F3 and the first sale under the initial Form 45-102F3 must be made within 14 days of the filing.

(4) Restrictions on Control Block Sales on the Exchange

1. Private Agreements — A Participating Organization is not permitted to participate in sales from control by private agreement transactions. If Participating Organizations are to participate, transactions must be executed on the Exchange or the transactions must be exempt from the requirement to be conducted on the Exchange in accordance with Rule 4-102.

2. Normal Course Issuer Bids — If the issuer of the securities which are the subject of the sale from control block is undertaking a normal course issuer bid in accordance with Part 6 of the Rules, the normal course issuer bid and the sale from control block will be permitted on the condition that:

(a) the Participating Organization acting for the issuer confirms in writing to the Exchange that it will not bid for securities on behalf of the issuer at a time when securities are being offered on behalf of the control block seller;
Appendix D

3. **Price Guarantees** — The price at which the sales are to be made can not be established or guaranteed prior to the seventh day after the filing of Form 45-102F3 with the Exchange.

4. **Crosses** — A Participating Organization may distribute the whole of a control block sale to its own clients by means of a cross. Established crossing rules require that, prior to execution, all orders that are entered on any Canadian Exchange at better prices than the price of the proposed cross must be filled in full. If the market is to be moved before execution of a cross, the Responsible Registered Trader should be notified in advance.

(b) the Participating Organization acting for the control block seller confirms in writing to the Exchange that it will not offer securities on behalf of the control block seller at a time when securities are being bid for under the issuer bid; and

(c) transactions in which the issuer is on one side and the control block seller on the other are not permitted.
APPENDIX E
POLICY STATEMENT ON RESTRICTED SHARES

Sec. 1.01. Introduction. — This Policy Statement sets out the Exchange’s requirements respecting the listing of non-voting, subordinate voting and restricted voting shares (collectively referred to as “Restricted Shares”). Except where otherwise stated, these requirements are applicable to all companies having listed Restricted Shares, regardless of when the shares were listed.

This Policy Statement should be read in conjunction with Ontario Securities Commission Policy 1.3.

Sec. 1.02. Definitions. — In this Policy Statement,

(a) “Common Shares” means Residual Equity Shares that are fully franchised, in that the holder of each such share has a right to vote each share in all circumstances calling for a vote under the applicable corporate legislation, irrespective of the number of shares owned, that is not less, on a per share basis, than the right to vote attaching to any other share of an outstanding class of shares of the company;

(b) “Non-Voting Shares” means Restricted Shares which do not carry the right to vote at shareholders’ meetings except for a right to vote in certain limited circumstances (e.g., to elect a limited number of directors or to vote in circumstances where the applicable corporate legislation provides the right to vote for shares which are otherwise non-voting);

(c) “Preference Shares” means shares to which there is attached a genuine and non-specious right or preference over any class of Residual Equity Shares of the company;

(d) “Residual Equity Shares” means shares which have a residual right to share in the earnings of the company and in its assets upon liquidation or winding up;

(e) “Restricted Shares” means Residual Equity Shares which are not Common Shares;

(f) “Restricted Voting Shares” means Restricted Shares which carry a right to vote which is subject to some limit or restriction on the number or percentage of shares which may be voted by a person or company or group of persons or companies (except where the restriction or limit is applicable only to persons who are not Canadians or residents of Canada); and

(g) “Subordinate Voting Shares” means Restricted Shares which carry a right to vote at shareholders’ meetings but another class of shares of the same company carries a greater right to vote, on a per share basis.

Sec. 1.03. Legal Designation. — (1) Legal Designation of Restricted Shares. — The legal designation of a class of shares, which shall be set out in the constating documents of the company and which shall appear on all share certificates representing such shares, shall, except where the shares are Preference Shares and are legally designated as such, include the words

(a) “subordinate voting” if the shares are Subordinate Voting Shares;

(b) “non-voting” if the shares are Non-Voting Shares;

(c) “restricted voting” if the shares are Restricted Voting Shares; or

such other appropriate term as the Exchange may approve.

The Exchange will abbreviate the above designations for Restricted Shares in certain publications of the Exchange and will identify Restricted Shares in the quotations prepared for the financial press with a code. Brief explanations of the abbreviation or code will appear as a footnote.

(2) Common Shares. — A class of shares may not include the word “common” in its legal designation unless such shares are Common Shares.

(3) Preference Shares. — A class of shares may not be designated as “preference” or “preferred” unless, in the opinion of the Exchange, there is attached thereto a genuine and non-specious right or preference. Whether a class of shares has attached thereto a genuine and non-specious right or preference is a question of fact to be determined by examining all of the relevant circumstances. (See also Ontario Securities Commission Policy 1.3.)

(4) Exchange Discretion. — The Exchange may, subject to such terms and conditions as it may impose:

(a) exempt a company or group of companies from the designation requirements of Section 1.03;

(b) permit or require the use by a company, in respect of any class of shares of the company, of a designation other than those set forth in Section 1.03; and

(c) deem a class of shares to be Non-Voting, Subordinate Voting, or Restricted Voting Shares and require a company to designate such shares in a manner satisfactory to the Exchange notwithstanding that such shares do not fall within the applicable definition set out in Section 1.02 of this Policy Statement. For

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example, the Exchange may deem a class of shares to be Restricted Voting Shares if there is a company by-law or share provision that has the effect of restricting the power of a majority of the company’s Residual Equity Shares to elect a majority of the directors.

In exercising its discretion, the Exchange will be guided by the public interest and the principles of disclosure underlying this Policy Statement.

**Sec. 1.04. Notice of and Attendance at Shareholders’ Meetings.** — Every company shall give notice of shareholders’ meetings to holders of Restricted Shares and permit the holders of such shares to attend, in person or by proxy, and to speak at all shareholders’ meetings to the extent that a holder of Voting Shares of that company would be entitled to attend and to speak at shareholders’ meetings. The notice shall be sent at least 21 days in advance of the meeting.

The Exchange suggests that companies consider amending their charter documents to provide all holders of Restricted Shares with the right to receive notice of, and to attend, shareholders’ meetings. Companies applying for listing, whether by way of an original listing application or notice of a capital reorganization, will be required to include such rights in their charter documents.

**Sec. 1.05. Description of Voting Rights in Documents Sent to Shareholders.** — Every company whose Restricted Shares are listed on the Exchange shall describe the voting rights, or lack thereof, of all Residual Equity Shares of the company in all documents, other than financial statements, sent to shareholders and filed with the Exchange. Such documents include information circulars, proxy statements and directors’ circulars.

Companies should note that, in certain circumstances, Ontario Securities Commission Policy 1.3 requires that the Exchange require companies to provide a separate category on the balance sheet. Ontario Securities Commission Policy 1.3 further requires that where capitalization is set out in unaudited financial statements, these statements are to contain similar disclosure.

**Sec. 1.06. Offering Documents.** — Reference should be made to Ontario Securities Commission Policy 1.3 which sets out the minimum disclosure that will be required in all documents describing the issue of Restricted Shares filed with the Commission by a reporting issuer or by an issuer which will become a reporting issuer upon the acceptance for filing of such document by the Commission, including any prospectus, short form prospectus, exchange offering prospectus, rights offering circular, securities exchange take-over bid circular, offering memorandum, or information circular concerning a proposed corporate reorganization or amalgamation that would have the effect of converting or subdividing, in whole or in part, existing shares into Restricted Shares, or creating new Restricted Shares.

**Sec. 1.07. Distribution of Annual and Other Reports.** — Unless exempted by the Exchange, every company shall send concurrently to all holders of Residual Equity Shares all informational documents,

(a) required by applicable law or Exchange requirements to be sent to holders of Voting Shares, or

(b) voluntarily sent to holders of Voting Shares in connection with a specific meeting of shareholders.

Such documents would include, but not be limited to, information circulars, notices of meeting, annual reports and financial statements.

**Sec. 1.08. Shareholder Approval.** — Where Exchange requirements contemplate shareholder approval, the Exchange may, in its discretion, require that such approval be given at a meeting at which holders of Non-Voting and Subordinate Voting Shares are entitled to vote with the holders of any class of shares of the company which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the company.

Assuming that the residual equity interests of two classes of Residual Equity Shares are equal, this would mean that in certain cases where the Exchange requires shareholder approval, the Exchange may require that:

(i) where a company has a class of Non-Voting Shares and a class of Voting Shares (one vote per share), holders of the Non-Voting Shares be entitled to one vote per share; and

(ii) where a company has a class of Subordinate Voting Shares (one vote per share), and a class of Multiple Voting Shares (ten votes per share), holders of the Subordinate Voting Shares be entitled to ten votes per share.

Exchange requirements currently provide that the Exchange may require shareholder approval of certain stock options, private placements and other additional listings, backdoor listings and non-arm’s length property transactions.

**Sec. 1.09. Take-over Protection.** — The Exchange will not accept for listing classes of Non-Voting or Subordinate Voting Shares that do not have take-over protective provisions ("coattails") meeting the criteria set out below. This requirement does not apply to classes of Restricted Shares that were listed on the Exchange prior to August 1, 1987, but if any listed company proposes to remove, add or change coattails attaching to listed Restricted Shares, the proposal must be pre-cleared with the Exchange and must fit within the criteria set out below.
Appendix E

The following are criteria only; the actual wording of a coattail is the responsibility of the issuer, subject to pre-clearance by the Exchange. The Exchange will be pleased to discuss proposed coattails at any stage in the drafting process.

The applicable criteria depend on whether there is a published market for the company’s Common Shares, as follows:

1. If there is a published market for the Common Shares, the coattails must provide that if there is an offer to purchase Common Shares that must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Common Shares are listed, be made to all or substantially all Common shareholders who are in a province of Canada to which the requirement applies, the holders of Restricted Shares will be given the opportunity to participate in the offer through a right of conversion, unless:
   a) an identical offer (in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the offeror, or associates or affiliates of the offeror, and in all other material respects) concurrently is made to purchase Restricted Shares, which identical offer has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Common Shares; or
   b) less than 50% of the Common Shares outstanding immediately prior to the offer, other than Common Shares owned by the offeror, or associates or affiliates of the offeror, are deposited pursuant to the offer.

2. If there is no published market for the Common Shares, the holders of at least 80% of the outstanding Common Shares will generally be required to enter into an agreement with a trustee for the benefit of the holders of Restricted Shares from time to time, which agreement will have the effect of preventing transactions that would deprive the holders of Restricted Shares of rights under applicable take-over bid legislation to which they would have been entitled in the event of a take-over bid if the Common Shares had been Restricted Shares.

In the rare cases where there is a material difference between the equity interests of the Common and Restricted shares, or in other special circumstances, the Exchange may permit or require appropriate modifications to the above criteria.

The criteria are designed to ensure that the fact that Common Shares are not of the same class as Restricted Shares will not prevent the holders of Restricted Shares from participating in a take-over bid on an equal footing with the Common shareholders.

Sec. 1.10. Issuances of Securities and Similar Transactions. — The Exchange will not consent to and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the offeror, or associates or affiliates of the offeror, and in all other material respects) concurrently is made to purchase Restricted Shares, which identical offer has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Common Shares; or

a) the shares of the two classes have similar rights to participate in the earnings and assets of the company, but the Class B Shares have a greater number of votes per share, or
b) the two classes have the same number of votes per share, but it is proposed that Class B Shares will be issued at a price per share significantly lower than the market price per share of the Class A Shares.

This prohibition relates only to differences in voting rights attaching to securities of separate classes. It does not apply to an issuance of securities that reduces the collective voting power of the other outstanding securities of the same class without affecting the voting power of any other outstanding class, although other Exchange policies may be applicable in this case. It also does not apply to a stock split of all of a company’s outstanding Residual Equity Shares (or a stock dividend that has the same effect if the stock split does not change the ratio of outstanding Restricted Shares to Common Shares.

The Exchange generally will exempt companies from this Section 1.10 in the case of an issuance of multiple voting shares that would maintain (but not increase) the percentage voting position of a holder of multiple voting shares, subject to any conditions.

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the Exchange may consider desirable in any particular case. One condition will be minority approval of shareholders, as defined in Section 1.11, unless the legal right of the holder of multiple voting shares to maintain its voting percentage has been established and publicly disclosed prior to the later of November 6, 1989 and the time the company was first listed on the Exchange.

This Section 1.10 is intended to prevent transactions which would reduce the voting power of existing shareholders through the use of securities carrying multiple voting rights. This result would normally be accomplished by way of an issuance of multiple voting shares. However, it is possible to arrive at the same result by means of mechanisms that are not technically "share issuances", such as amendments to share conditions, amalgamations and plans of arrangement. The Exchange may object to any transaction that would result in voting dilution similar to that which would be brought about by the issuance of multiple voting shares, even if no share issuance is involved.

A pro rata distribution to shareholders that creates or affects Restricted Shares must be subject to minority approval of shareholders as described in Section 1.11.

Sec. 1.11. Capital Reorganizations and Distributions to Shareholders. — The Exchange will not consent to a capital reorganization or pro rata distribution of securities to shareholders of a listed company which would have the effect of creating a class of Restricted Shares or charging the ratio of outstanding Restricted Shares to Common Shares, unless the proposal receives minority approval. For this purpose, minority approval means approval given by a majority of the votes cast at a shareholders' meeting called to consider the proposal, other than votes attaching to securities beneficially owned by:

(a) any person or company that beneficially owns, directly or indirectly, securities carrying more than 20% of the votes attaching to all outstanding voting securities of the listed company;

(b) any associate, affiliate or insider (as defined in the Ontario Securities Act) of any person or company excluded by virtue of (a);

(c) any person or company excluded by virtue of Ontario Securities Commission Policy 1.3; and

(d) if (a) and (c) are both inapplicable, all directors and officers of the listed company and their associates (as defined in the Ontario Securities Act).

The Exchange may require that persons or companies not specified above be excluded from a particular minority shareholder vote if this is considered necessary to ensure that the objectives behind this policy are not defeated.

A transaction generally will only be regarded as a "capital reorganization" for the purposes of the minority approval requirement if it involves a subdivision or conversion of one or more classes of Residual Equity Shares or if it has an effect similar to a pro rata distribution to holders of one or more classes of Residual Equity Shares. If a proposed capital reorganization would reduce the voting power of existing shareholders through the use of securities carrying multiple voting rights, the Exchange may regard the proposed reorganization as equivalent, in substance, to the type of share issuance that is prohibited by Section 1.10. This could be the case, for example, where the reorganization would not treat all holders of Residual Equity Shares in an identical fashion. In this case, the Exchange may not consent to the reorganization even with minority approval.

An issuance of Restricted Shares in the form of a stock dividend paid in the ordinary course will be exempted from the minority approval requirement. For this purpose, stock dividends generally will be regarded as being paid in the ordinary course if the aggregate of such dividends over any one-year period does not increase the number of outstanding Residual Equity Shares of the company by more than 10%.

Sec. 1.12. Exchange Discretion. — The Exchange may, where it determines that it is in the public interest to do so, exempt a company from compliance with this Policy Statement or any requirement thereof, subject to such terms and conditions as the Exchange may impose. In special circumstances, the Exchange may also set requirements or restrictions in addition to those set out in this Policy Statement, having regard to the public interest and the principles underlying this Policy Statement.

Sec. 1.13. Consultation with Exchange Staff. — If a listed company proposes to enter into an unusual type of transaction involving Restricted Shares or shares carrying multiple voting rights, it is recommended that the proposal be discussed with the Exchange's Advisory Affairs Division at the earliest possible time. Exchange staff will be pleased to discuss the proposal and any policy concerns on a confidential basis.
APPENDIX F
TAKE-OVER BIDS AND ISSUER BIDS THROUGH THE FACILITIES OF
TORONTO STOCK EXCHANGE

PART 6 — EXCHANGE TAKE-OVER BIDS AND EXCHANGE ISSUER BIDS

Division 1 — Definitions and Interpretation

Sec. 6-101. Definitions. — In this Part:
“average bid value” means the amount obtained by dividing:
(i) the aggregate of the bid price times the number of shares of the class of securities sought plus the market price times the number of shares of such class of securities not sought, by
(ii) the aggregate of the number of shares of the class of securities sought plus the number of shares of such class of securities not sought.
“bid” means either a stock exchange take-over bid or a substantial issuer bid, as the case may be.
“circular bid” means a take-over bid or an issuer bid made in compliance with the requirements of Part XX of the Securities Act or, if applicable, Part XVII of the Canada Business Corporations Act.
“closing price” means
(a) the price per share at which the last trade in that class of securities was effected on the Exchange on that day as shown on the record of sales published by the Exchange; or
(b) if there were no trades in that class of securities on the Exchange, the price per share at which the last trade in that class of securities was effected on another exchange recognized for this purpose; or
(c) if there were no trades in that class of securities on the Exchange or any recognized exchange, but closing bid and ask prices were published therefor, the average of such bid and ask prices as shown on the list of closing quotations published by the Exchange.
“competing stock exchange take-over bid” means a stock exchange take-over bid announced while another stock exchange take-over bid for the same class of securities of an offeree issuer is outstanding.
“insider bid” means a stock exchange take-over bid made by an insider of a listed offeree issuer, by any associate or affiliate of an insider of a listed offeree issuer, by any associate or affiliate of a listed offeree issuer or by an offeror acting jointly or in concert with any of the foregoing.

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ance of the notice of normal course issuer bid by the Exchange, whether such purchases are made through the facilities of a stock exchange or otherwise.

"normal course purchase" means a take-over bid made by way of a purchase on the Exchange of such number of a class of securities of a listed offeree issuer that, together with all purchases of such securities made by the offeror and any person or company acting jointly or in concert with the offeror in the preceding 12 months through the facilities of a stock exchange or otherwise, do not aggregate more than 5% of the securities of that class outstanding at the time such purchase is made.

"notice" means a notice of a stock exchange take-over bid filed in accordance with Rule 6-203 or a notice of stock exchange substantial issuer bid filed in accordance with Rule 6-203 or, if applicable, Rule 6-402.

"principal shareholder" of a company means a person or company who beneficially owns or exercises control or direction over more than 10% of the issued and outstanding shares of any class of voting securities or equity securities of the company.

"public float" means the number of shares of the class which are issued and outstanding, less the number of shares of the class beneficially owned, or over which control or direction is exercised by:

(a) every senior officer or director of the listed company;

(b) every principal shareholder of the listed company; and

(c) the number of shares that are pooled, escrowed or non-transferable.

"ranking bid" means the stock exchange take-over bid that yields the highest average bid value.

"shares sought" means the number of shares of the class of securities for which a bid is made.

"shares not sought" means the number of shares outstanding of the class of securities for which the bid is made minus the aggregate of the number of such shares sought and the number of such shares owned directly or indirectly by the offeror, its insiders, associates, affiliates, and any person or company acting jointly or in concert with the offeror.

"stock exchange take-over bid" means a take-over bid, other than a normal course purchase, made through the facilities of the Exchange.

"substantial issuer bid" means an issuer bid, other than a normal course issuer bid, made through the facilities of the Exchange.

"take-over bid" means an offer to acquire such number of the listed voting or listed equity securities of an offeree issuer that will in the aggregate constitute:

(a) 20% or more of the outstanding securities of that class, together with the offeror's securities, or

(b) in the case of an offeree issuer that is subject to the Canada Business Corporations Act, 10% or more of the outstanding shares of a class of listed voting shares, together with:

(i) shares already beneficially owned or controlled, directly or indirectly by the offeror or an affiliate or associate of the offeror, and

(ii) securities held by such persons or companies that are currently convertible into such shares, and

(iii) currently exercisable rights and options to acquire such shares or to acquire securities that are convertible into such shares, on the date of the offer to acquire.

Sec. 6-102. Interpretation. — (1) For the purposes of this Part, a purchase shall be deemed to have taken place when the offer to buy or the offer to sell, as the case may be, is accepted.

(2) For the purposes of this Part,

(a) the beneficial ownership of securities of an offeror or of any person or company acting jointly or in concert with the offeror shall be determined in accordance with section 90 of the Securities Act; and

(b) where any person or company is deemed by Rule 6-102(2)(a) to be the beneficial owner of unissued securities, the number of outstanding securities of a class in respect of an offer to acquire shall be determined in accordance with section 91 of the Securities Act.

(3) For the purposes of this Part, whether a person or company is acting jointly or in concert with an offeror shall be determined in accordance with section 91 of the Securities Act.

Division 2 — General Rules Applicable to Bids

Sec. 6-201. Compliance with Exchange Requirements. — An offeror shall not make a take-over bid or issuer bid through the facilities of the Exchange except in accordance with Exchange Requirements.

Sec. 6-202. Obligations of Offeror. — (1) An offeror shall not attach any conditions to a stock exchange take-over bid other than:

(a) establishing a maximum number of shares sought, which shall be the number of shares the offeror is obliged to take up; and

(b) in the case of a transaction in respect of which notice must be given to the Director of Investigation and Research under the provi-
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sions of the *Competition Act* (Canada), making the bid conditional on no action being taken by the Director under the provisions of such Act within the time period specified in such Act for a transaction effected through the facilities of a stock exchange in Canada.

(2) An offeror shall not attach any conditions to a substantial issuer bid other than establishing a maximum number of shares sought, which shall be the number of shares the offeror is obliged to take up.

(3) An offeror shall not take up more than the number of shares sought without the approval of the Exchange.

(4) A stock exchange take-over bid shall not be withdrawn except:

(a) pursuant to Rule 6-302(b); or

(b) if the Exchange is satisfied that any undisclosed action prior to the date of the offer or any actions subsequent to that date by the board of directors or senior officers of the offeror issuer or by a person or company other than the offeror, affects an adverse material change in the affairs of the offeror issuer.

(5) A substantial issuer bid shall not be withdrawn.

(a) An offeror making a bid shall file with the Exchange, and shall not proceed with the bid until the notice has been accepted by the Exchange.

(7) Except where otherwise provided, an offeror making a bid shall take the following steps to inform shareholders of the offeror issuer of the terms of the bid forthwith after the Exchange has accepted notice of the bid:

(a) disseminate details of the bid to the news media in the form of a press release;

(b) communicate the terms of the bid:

(i) by sending a copy of the notice filed pursuant to Rule 6-203 by first class mail to each registered holder of the class of securities that is the subject of the bid in Canada and in each other jurisdiction where the bid is made and such communication is not prohibited by law, and to each such registered holder of securities convertible or exchangeable for such class of securities or that otherwise has a right to participate in the offer, and

(ii) by advertising in the manner prescribed by the Exchange, or by such other means as may be approved by the Exchange.

(8) If an offeror makes or intends to make a bid, neither the offeror nor any person or company acting jointly or in concert with the offeror shall enter into any collateral agreement, commitment or understanding with any holder or beneficial owner of securities of the offeror issuer that has the effect of providing to the holder or owner, a consideration of greater value than that offered to the other holders of the same class of securities.

(9) An offeror filing a notice shall pay a filing fee in such amount as may be prescribed by the Exchange.

Sec. 6-203. Notice by Offeror. — (1) A notice of a stock exchange take-over bid filed by an offeror with the Exchange shall provide the following information, in a form acceptable to the Exchange:

(a) the identity of the offeror issuer;

(b) the class of securities that are the subject of the bid and a description of the rights of the holders of any other class of securities that have a right to participate in the offer by conversion or otherwise;

(c) the cash price to be paid per share and the number of shares sought;

(d) the terms of the bid, including the date of the book, method of tendering to the bid and settlement of tenders, any commissions to be paid to Participating Organizations, the names of any person or company retained to make solicitations in respect of the bid, and any other relevant information with respect to such terms;

(e) the number and percentage of each class of outstanding equity or voting securities of the offeror issuer owned directly or indirectly by:

(i) the offeror,

(ii) each of the offeror’s directors and senior officers and their associates,

(iii) any other person or company acting jointly or in concert with the offeror,

(iv) where known after reasonable enquiry, any person or company holding 10 percent or more of any class of equity or voting securities of the offeror, and

(v) where known after reasonable enquiry, any person or company holding 10 percent or more of any class of equity or voting securities of the offeror issuer;

(f) where known after reasonable enquiry, the number of each class of equity or voting securities of the offeror issuer traded by each of the persons or companies referred to in Rule 6-203(1)(e) during the six-month period preceding the date of filing of the notice, including the purchase or sale price and the date of each such transaction;

(g) details of any commitments made by any of the persons or companies referred to in Rule 6-203(1)(e) hereof to acquire any equity or voting securities of the offeror issuer (other than pursuant to the bid) and the terms and conditions of such commitments;
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Sec. 6-204. Book for Receipt of Tenders. — A book for receipt of tenders to the bid shall be opened on the Exchange not sooner than the twenty-first calendar day after the date on which notice of the bid is accepted by the Exchange and at such time, and for such length of time, as may be determined by the Exchange.

Editorial Note: In accordance with the power granted to the Exchange under Rule 6-601(c)(ii), the Exchange will require that the book for tenders be opened not sooner than the thirty-fifth calendar day after acceptance of notice of the bid in order to parallel the time periods for take-over bids and issuer bids subject to section 95 of the Securities Act (Ontario).

Sec. 6-205. Conduct of Participating Organizations. — In respect of a bid:

(a) no Participating Organization shall knowingly assist or participate in the tendering of

(ii) where copies of the valuation are available for inspection and a statement that a copy of the valuation will be mailed upon payment of a charge covering copying and postage;

(iii) details of any important business relationship between the offeror and the offeree issuer;

(iv) any other information not disclosed in the foregoing that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the bid.

(2) The notice shall conclude with a signed statement certifying that:

(a) the information provided is complete and accurate, and in compliance with Part 6 of the Rules;

(b) the contents of the notice and the making of the offer have been authorized by the offeror, and in the case of an offeror that has directors, by its board of directors; and

(c) the notice contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it is made.

(3) A notice of a substantial issuer bid filed by an offeror with the Exchange shall provide the information contained in Rules 6-203(1) and (2) with appropriate modifications for a transaction which it is made.

(4) A copy of the notice shall be filed with the Commission and, in the case of a stock exchange take-over bid, with the offeree issuer forthwith after acceptance by the Exchange.
more shares than are owned by the tendering party; and

(b) tendering, trading and settlement by Participating Organizations shall be in accordance with such rules as the Exchange shall specify to govern each bid.

Sec. 6-206. Allotment Procedure. —

(1) Where in a bid more shares are tendered than the number of shares sought, the offeror shall take up a proportion of all shares tendered equal to the number of shares sought divided by the number of shares tendered, and Participating Organizations shall make allocations in respect of shares tendered in accordance with the instructions of the Exchange.

(2) As soon after the closing of the book for receipt of tenders as may be possible, the Exchange shall announce the total number of shares acquired by the offeror pursuant to the terms of the bid and the allocation thereof.

Sec. 6-207. Amendments to Bids and Notices. — (1) The terms of a bid may only be amended to increase the price per share offered or the number of shares sought or to agree to pay an amount in respect of the seller’s commission or a combination thereof and such amendment shall be made by filing with the Exchange a notice of amendment in a form acceptable to the Exchange.

(2) Forthwith upon acceptance of the notice of amendment by the Exchange, the offeror shall issue a press release containing a summary of the information set forth in such notice of amendment, including reference to any change in the date of the book and the offeror shall disseminate such notice of amendment in such manner as the Exchange may deem to be appropriate in the circumstances.

(3) Where the offeror becomes aware of a material change in any of the information contained in the notice in respect of a bid, the offeror shall file with the Exchange forthwith a notice of change in a form acceptable to the Exchange.

(4) Forthwith upon acceptance of the notice of change by the Exchange, the offeror shall issue a press release containing a summary of the information set forth in such notice of change, including reference to any change in the date of the book and the offeror shall disseminate such notice of change in such manner as the Exchange may deem to be appropriate in the circumstances.

Division 3 — Special Rules Applicable to Stock Exchange Take-Over Bids

Sec. 6-301. Offeree Directors’ Press Release. — (1) The board of directors of the offeree issuer shall, within seven Trading Days of the date of acceptance by the Exchange of the notice of a stock exchange take-over bid, issue a press release recommending acceptance or rejection of the offer and the reasons therefor; or indicating that they are not making a recommendation and the reasons therefor and such press release shall also contain the following information:

(a) a summary of any agreement entered into or proposed between the offeree issuer and its senior executives in regard to any payment or other benefit granted as indemnity for the loss of their positions or in regard to their retaining or losing their positions if the bid is accepted; and
(b) a summary of any transaction, board resolution, agreement in principle or signed contracts in response to the bid, indicating whether or not the offeree issuer has undertaken any negotiations that relate to or would result in one of the following:

(i) an extraordinary transaction such as a merger or reorganization involving the offeree issuer or one of its subsidiaries,
(ii) the purchase, sale or transfer of a material amount of assets of the offeree issuer or of one of its subsidiaries,
(iii) the acquisition of its own securities by way of an issuer bid or of the securities of another company, or
(iv) any material change in the present capitalization or dividend policy of the offeree issuer.

(2) The press release required by Rule 6-301(1) should disclose negotiations underway, without giving details if there has been no agreement in principle.

(3) A copy of the press release required by Rule 6-301(1) shall be delivered to the Exchange forthwith a notice of change in a form acceptable to the Exchange.

(4) Forthwith upon acceptance of the notice of change by the Exchange, the offeror shall issue a press release containing a summary of the information set forth in such notice of change, including reference to any change in the date of the book and the offeror shall disseminate such notice of change in such manner as the Exchange may deem to be appropriate in the circumstances.

Sec. 6-302. Competing Stock Exchange Take-Over Bids. — If a competing stock exchange take-over bid is announced, the stock exchange take-over bids shall be governed by the following additional provisions:

(a) neither the ranking bid nor the last bid may be withdrawn, and the offers making such bids must take up and pay for all shares tendered to them, up to the maximum numbers of shares sought by each respectively;
(b) a bid that is neither the ranking bid nor the last bid may be withdrawn within one clear Trading Day of the announcement of the last bid; and
(c) the terms of the ranking bid may not be altered except to increase the average bid value thereof.

Sec. 6-303. Purchases During a Take-over Bid. — If granted an exemption under Rule 6-601, an offeror making a stock exchange take-over bid and any person or company acting jointly or in concert with the offeror may purchase shares that are the subject of the bid through the facilities of the Exchange provided that:

(a) a press release is issued announcing the offeror’s intention to make such purchases;
(b) such purchases do not begin until the second clear Trading Day following the date of the issuance of the press release;
(c) such purchases, together with all purchases of such securities made by the offeror and any person or company acting jointly or in concert with the offeror during the preceding 90 days through the facilities of a stock exchange or otherwise, do not aggregate more than 5 percent of the securities of that class outstanding at the time such purchases are made;
(d) the offeror issues and files with the Exchange a press release forthwith after the close of each Trading Day on which shares are purchased under this Rule disclosing:
   (i) the identity of the purchaser;
   (ii) the number of shares of the offeree issuer purchased that day,
   (iii) the highest price paid per share,
   (iv) the aggregate number of shares of the offeree issuer purchased up to and including that day under this Rule during the currency of the take-over bid,
   (v) the average price paid for such shares,
   (vi) the total number of shares owned by the purchaser at the time; and
(e) if the offeror or any person or company acting jointly or in concert with the offeror pays a price for any such shares that is higher than the price offered pursuant to the stock exchange take-over bid, then the price offered pursuant to the stock exchange take-over bid shall be increased to equal such higher price.

Sec. 6-304. Notice of Insider Bid. — A notice in respect of an insider bid shall, in addition to the information required by Rule 6-203, provide the information required by the Exchange.

Sec. 6-305. Normal Course Purchases. — An offeror making a normal course purchase is not subject to any notice requirement under this part.
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Division 6 — Powers of the Exchange

Sec. 6-601. Powers of the Exchange. — The Exchange may, subject to such terms and conditions as it may impose:

(a) require additional disclosure or impose additional obligations on a person or company proposing to make or making a stock exchange take-over bid, substantial issuer bid, normal course purchase or normal course issuer bid where, in the opinion of the Exchange, it would be beneficial to the public interest to do so;

(b) determine that any person or company shall not be permitted to purchase shares through the facilities of the Exchange;

(c) delay the date upon which the book in respect of a stock exchange take-over bid or substantial issuer bid is to be opened to such date as it may, in its discretion, determine on the occurrence of any of the following:

(i) the announcement or making of a competing stock exchange bid or circular bid for securities of the same offeree issuer;

(ii) the acceptance of a notice of change or a notice of amendment of the terms of the stock exchange take-over bid or of a competing bid, or the announcement of a change in the terms of a circular bid for securities of the same offeree issuer;

(iii) any other event that, in the opinion of the Exchange, justifies such a delay;

(d) permit an offeror to extend a stock exchange take-over bid or substantial issuer bid after the announcement referred to in Rule 6-207;

(e) determine whether a stock exchange take-over bid is the ranking bid;

(f) deem any transaction made through the facilities of the Exchange to be a stock exchange take-over bid, and

(g) exempt any person from any Exchange Requirements where in the opinion of the Exchange it would not be prejudicial to the public interest to do so.

Sec. 6-501. Normal Course Issuer Bids. — A normal course issuer bid shall be made in accordance with the prescribed terms and procedures.
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TORONTO STOCK EXCHANGE POLICIES

PART 6 — EXCHANGE TAKE-OVER BIDS AND EXCHANGE ISSUER BIDS

6-201. — Compliance with Exchange Requirements

(1) Background and Policy Premises

This Policy explains and expands on Part 6 of the Rules. It sets out the stock exchange take-over bid and substantial issuer bid process. Also, special rules applicable to insider bids, take-over bids where a “going private” transaction is contemplated and certain issuer bids for non-voting and non-equity securities are set out. Normal course issuer bids are addressed in Policy 6-501.

Statutory Rules — The statutory rules regulating take-over and issuer bids, form a comprehensive code. That is, all purchases made by an offeror (which, for the purposes of these rules, includes a listed company repurchasing its own shares) must proceed by way of the procedures stipulated by the relevant securities statute unless the transaction(s) may be brought within the ambit of an exemption from the rules. One of the exemptions in the Securities Act is for bids made through the facilities of a recognized stock exchange, provided that the bid is made in accordance with the rules of that Exchange. This exemption is found at clause 93(1)(a) of the Securities Act for take-over bids and clause 93(5)(b) for issuer bids. Equivalent exemptions exist in other provinces’ rules. Although the exemptions apply to many of the statutory rules, certain provisions of the Securities Act, the Regulations under the Securities Act and policies of the Commission apply to bids made through the facilities of the Exchange. These are detailed below.

Rule 6-102 states that an offeror shall not make a take-over bid or issuer bid through the facilities of the Exchange except in accordance with Exchange Requirements. Failure to comply with Exchange Requirements will result in the Exchange advising the Commission that subsection 93(4) has been violated and shall result in a determination that the exemptions found in section 93 are not applicable because the applicable Exchange Requirements have not been observed.

Exchange Requirements — The Exchange Requirements also form a comprehensive code covering any take-over bid or issuer bid made through the facilities of the Exchange. The rules that will govern a particular transaction will depend on the nature of that transaction. Separate requirements exist for the following bids:

Take-Over Bids
- “Formal” Take-Over Bids
- Insider Bids

Issuer Bids
- Normal Course Purchases
- Substantial Issuer Bids
- Certain Substantial Issuer Bids for Non Equity and Non Voting Securities
- Normal Course Issuer Bids

The Exchange Requirements governing take-over bids and issuer bids made through its facilities have been amended from time to time in the light of experience and in response to changing practices. The Exchange Requirements are intended to be simple and efficient, and to protect investors, while balancing the goals of maintaining confidence and neutrality as between the offerors, the management of the offeree management and competing offerors. The Exchange Requirements are not intended to reduce the effective protection available to shareholders in any transaction. Except that offers made through the facilities of the Exchange are restricted to cash consideration, cannot be withdrawn (except in limited circumstances) and may not specify a minimum number of shares that must be tendered before the offeror is bound to take them up, they are very similar to bids made by way of circular.

For example, as with the rules applicable to circular bids, the Exchange Requirements specify periods for disclosure, solicitation, and take-up of shares tendered pursuant to an offer. The Exchange Requirements are designed to give the offeree shareholders sufficient time to digest the notice of the bid and their directors’ response to it, seek advice, and respond to the offer, thereby mitigating the pressure created by the offer of a premium price and limited time frame in which to consider the offer. They also counterbalance the offeror’s informational advantage by requiring it to disclose all relevant facts known to it, as well as its intentions for the target company if the offer should succeed. In the case of offers for less than all the shares, shares tendered must be taken up pro rata, thereby allowing all shareholders to participate in the offer. In effect, the rules require that all shareholders have an equal opportunity to participate when a take-over bid or issuer bid is made.

Additional provisions govern insider bids and substantial issuer bids. In these cases, the offeror must normally prepare a valuation of the target company, so that shareholders will have the same information that is available to the offeror to judge whether the bid price is fair.

Small purchases by offerors are governed by the Exchange Requirements on normal course purchases and normal course issuer bids.

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(2) Take-over Bids

Definitions — Rule 6-101 defines "stock exchange take-over bid" as "a take-over bid, other than a normal course purchase, made through the facilities of the Exchange." “Take-over bid” means an offer to acquire a sufficient number of listed voting or listed equity securities to bring the offeror’s holdings to 20% or more of the outstanding securities of the class.

Purchase thresholds are determined in accordance with section 89 of the Securities Act. In accordance with Rule 1-101, certain definitions in the Securities Act apply. For the purposes of determining whether the threshold for a take-over bid has been met and whether the normal course purchase limits have been observed, each class of shares is viewed separately. Therefore, if a purchaser offers to acquire 20% or more of a particular class of voting or equity securities it is a take-over bid within the meaning of the definition. A security is an equity security if it carries a residual right to participate both in the earnings of the issuer and the assets of the issuer upon liquidation or winding-up, and includes restricted shares that are listed on the Exchange if they fall within this definition.

A purchaser must count the number of target shares owned or controlled on the date of the offer to acquire by the purchaser and by any person acting jointly or in concert with the purchaser, together with the number of target shares proposed to be acquired through the offer.

The purchaser must also count the number of target shares that it has the right to acquire within 60 days of the date of the offer to acquire by conversion, subscription, option, warrant or otherwise. If the total number of target shares owned and proposed to be acquired is 20% or more of the total number of target shares outstanding, the purchaser is making a take-over bid.

If the offeree company is incorporated under the Canada Business Corporations Act, the threshold is 10% of the issued and outstanding securities in the case of voting securities, including securities already beneficially owned or controlled, directly or indirectly, by the offeror of an affiliate or associate of the offeror, and securities held by such persons or companies that are currently convertible or exercisable into such securities or into convertible securities.

Restrictions on Acquisitions Before and After a Bid — The definition of "formal bid" in subsection 89(1) of the Securities Act includes a bid made pursuant to the stock exchange exemption. Section 94 of the Securities Act applies to stock exchange bids since for the purposes of that section an "offeror" is defined as an offeror making a formal bid. Section 94 restricts acquisitions of target securities by an offeror during a take-over bid to purchases made on a stock exchange. Purchases are limited to 5% of the shares outstanding on the date of the bid. (Exchange Requirements further limit purchases by an offeror, as explained below.)

Section 94 contains rules governing private transactions in the 90 days preceding a bid and restricts acquisitions for 20 business days after expiry of a bid. However, normal course purchases on a stock exchange are exempt from these restrictions. Exchange Requirements on normal course purchases must be observed. Offerors are also restricted by the provisions contained in OSC Policy 9.3.

Going Private Transactions — Where an offeror making a stock exchange take-over bid anticipates that a "going private transaction" (as defined in Ontario Securities Commission Rule 61-501) will follow the take-over bid, the valuation requirements set out in section 182 of the Regulations to the Securities Act and OSC Policy 9.1 must be complied with.

Procedure Applicable to Stock Exchange Take-over Bids

1. Intention to Make a Stock Exchange Take-over Bid — A person proposing to make a stock exchange take-over bid should first consult with staff of the Regulatory and Market Policy Section of the Exchange. This facilitates effective market surveillance and timely disclosure, in addition to providing an early opportunity to discuss applicable procedures.

2. Timely Disclosure — Pursuant to Exchange Requirements on timely disclosure, an offeror must publicly announce its intention to make a bid as soon as the final decision to proceed with a bid is made.

3. Submission of Draft Notice — The offeror must prepare and submit to the Regulatory and Market Policy Section a draft of the notice required under Part 6 of the Rules. The disclosure requirements are set out in Rule 6-203. All drafts are filed on a confidential basis.

Rule 6-203(1)(m) requires that the notice include a statement of the rights provided by subsection 131(1) of the Securities Act. Subsection 131(1) of the Securities Act deems a disclosure document filed with the Exchange pursuant to a stock exchange take-over or issuer bid to be a circular for the purposes of section 131. The following language is recommended:

"Securities legislation in certain of the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, if there is a misrepresentation in a circular or notice that is required to be delivered to such security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their

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province or territory for particulars of those rights or consult with a lawyer."

For the purpose of calculating the closing price pursuant to Rule 6-101, the Exchange recognizes the New York Stock Exchange and the American Stock Exchange.

4. Evidence of Satisfactory Financial Arrangements — Rule 6-203(1)(a) requires the offeror to provide information satisfactory to the Exchange regarding its identity and financial resources. Normally, the Exchange will require a bank letter or some other satisfactory evidence that the offeror has access to sufficient funds to pay for any shares that it must take up pursuant to the offer.

5. Acceptance of Notice — When the draft notice is in satisfactory form, the offeror submits a copy of the final version, duly executed, for acceptance by the Exchange. A bid commences once it is formally accepted.

6. Press Release — The offeror must issue a press release announcing that the notice has been accepted by the Exchange and specifying the terms of the offer. The press release must be filed with the Exchange in advance of its release.

7. Communication to Shareholders — Rule 6-203(7) requires that the terms of the offer be communicated by first class mail to all holders of the target securities to whom the bid is made in Canada and in each other jurisdiction where the bid is made and such communication is not prohibited by law. The offer must also be mailed to each registered holder of securities convertible or exchangeable into the class of securities that the bid is for, and to each holder that has a right to participate in the offer on some other basis.

In the event of a disruption in postal service, or in cases where there are only a few shareholders in a particular province, direct communication with such shareholders by telephone, telegraph, telex, telexcopier or e-mail would, subject to the approval of the Exchange, be acceptable. Participating Organizations shall make reasonable efforts to communicate the terms of the bid to all clients who are shown on their books as holding target shares.

The offer must also be advertised in the manner prescribed by the Exchange unless some other means of communication is approved. The Exchange normally requires that an advertisement containing a summary of the offer be placed in national newspapers of sufficiently wide circulation to assure dissemination of the offer to all shareholders resident in Canada.

The Exchange will disseminate the notice to its Participating Organizations. The offeror must provide the Exchange with such number of copies of the notice as may be required by the Exchange.

8. Time Period of Bid — Rule 6-204 provides that the book for receipt of tenders may not be opened until the morning of the twenty-first calendar day after acceptance of the notice. It is important to note that the time begins to run from acceptance of the notice and not from the time of mailing. Nevertheless, if the notice is not mailed to shareholders within a reasonably short period following acceptance, the Exchange will require that the time for the offer be extended in order to ensure adequate dissemination. If the offer is to remain open for the minimum period, i.e., until the morning of the twenty-first calendar day after acceptance of the notice, then mailing of the notice should occur within 24 hours of acceptance of the notice by the Exchange.

9. Purchases During a Take-over Bid — Pursuant to Rule 6-304, an offeror making a stock exchange take-over bid may only purchase shares through the facilities of the Exchange if granted an exemption by the Exchange under Rule 6-601 (Powers of the Exchange). An exemption will only be granted by the Exchange where there is a competing circular bid. If an exemption is granted, such purchases are limited 5 per cent of the issued and outstanding, including purchases by the offeror and persons or companies acting jointly or in concert with the offeror during the preceding 90 days. As noted above, reference should also be made to section 94 of the Securities Act.

10. Competing Bids — Rule 6-302 provides that where a competing stock exchange take-over bid is made neither the ranking bid nor the last bid may be withdrawn. The ranking bid is the bid that yields the highest average bid value. The calculation of each competing bid's average bid value should be made at the time of the announcement of the last bid. If an offeror making a stock exchange bid also makes a circular bid, the date of the book may be the original date set or such later date as the Exchange determines to be necessary for proper dissemination.

11. Amendments to Bids — Rule 6-207 provides that the terms of a stock exchange take-over bid may be amended, but only to increase the price offered per share or the number of shares sought or to agree to pay an amount in respect of the seller's commission, or both. Notice must be given pursuant to Rule 6-207. In the case of ranking bids, Rule 6-302(c) provides that the terms of such bids may not be altered except to increase the average bid value.

12. Withdrawal of Bids — Subject to Rule 6-302(b), Rule 6-202(d) provides that a stock exchange take-over bid may not be withdrawn unless the Exchange is satisfied that any undisclosed action prior to the date of the offer or any actions subsequent to that date by the board of directors or senior officers of the target company or by any person other than the offeror, affects an adverse material change in the affairs of the target company. Rule 6-110(b) pertains to the situation where there are competing stock exchange take-over bids, and permits a bid that is neither the ranking bid nor the last bid to be withdrawn.
13. **Book for Receipt of Tenders** — Normally, a book for receipt of shares tendered to a stock exchange take-over bid is opened on the Exchange between 8:30 a.m. and 9:00 a.m. on a particular day. However, the Exchange recognizes that in certain circumstances — for example, to facilitate simultaneous acceptance and settlement — it may be desirable to open the book at other times, such as between 4:00 p.m. and 5:00 p.m. The regular settlement rules shall normally apply to bids made before the opening, however, the Exchange may determine that other settlement rules shall apply to a particular bid. For bids made after the close, it may not be possible to enter the trades until the following morning. In such a case settlement shall be as determined by the Exchange.

14. **Extension of Bids** — Pursuant to Rule 6-601, the Exchange may, in its discretion and at the request of the offeror, grant an extension of the bid after the book has closed. An extension will normally be granted where the offeror has failed to acquire the number of shares that it originally intended to acquire in a bid for all outstanding shares.

15. **Rounding Up** — In order to simplify the prorate and to reduce the number of odd-lots, the Exchange may request the offeror to take up a number of shares slightly in excess of the number for which it originally bid.

16. **Conduct of Participating Organizations** — Rule 6-205(a) prohibits Participating Organizations of the Exchange from knowingly assisting or participating in the tendering of more listed voting shares than are owned by the tendering party. The Exchange's trading and tendering rules will be designed in each case to effectively protect the integrity of the prorate.

Participating Organizations should take note of Rule 4-203 which prohibits a Participating Organization from recording a price on the Exchange that, in the case of a sale by a client, is lower than the actual net price to the client. In other words, negative commissions are prohibited in the interests of the integrity of the tape. A client may not be paid more for their shares than the actual price of the trades pursuant to a take-over bid.

17. **Filing Fee** — A filing fee of $1000 shall be paid to the Exchange on filing a duly executed notice. In addition, the regular Exchange trading fees shall apply to purchases under the bid.

(3) **Normal Course Purchases**

A "normal course purchase" is defined in Rule 6-101 as a purchase of such number of a class of securities that, together with all other purchases in the preceding 12 months, constitutes no more than 5% of the securities outstanding. A normal course purchase is a take-over bid, and therefore the rules only apply to purchasers that hold, or would hold after the purchase, at least 20% of the outstanding shares of a class of voting or equity securities (10% of a class of voting securities in the case of a company incorporated under the Canada Business Corporations Act). Shares purchased by persons or companies acting jointly or in concert with the offeror are included in determining the total number of shares purchased.

An offeror may acquire up to 5% of the outstanding shares in a given 12 month period through the facilities of the Exchange without filing with the Exchange. An offeror may not acquire more than 5% of the outstanding shares in a 12 month period unless a formal take-over bid is made.

Note that for the purpose of determining whether an offeror is making a normal course purchase (i.e. calculating whether the 20% threshold has been or will be reached), the beneficial ownership of securities by the offeror and any person acting jointly or in concert with the offeror is determined in accordance with section 90 of the Securities Act. Refer to Rule 6-101(a). Similarly, the number of outstanding securities is determined in accordance with subsection 90(3) of the Securities Act if the offeror or any person acting jointly or in concert with the offeror is deemed to be the beneficial owner of any such securities by section 90.

(4) **Insider Bids**

Where a stock exchange take-over bid is made by any insider of a listed offeree company, by any associate or affiliate of an insider, by any associate or affiliate of a listed offeree issuer or by any person acting jointly or in concert with any of the foregoing (all as defined in the Securities Act and OSC Policy 9.1), or where the offeror anticipates that a going-private transaction will follow the bid, the procedure is basically the same as that outlined above. Unless a waiver is obtained from the Director of the Commission, a valuation of the target company must be prepared in accordance with section 182 of the Regulation. Further, unless exempted by OSC Policy 9.1, or a waiver is obtained from the Director of the Commission pursuant to OSC Policy 9.1, a valuation of the target company must be prepared in accordance with the requirements set out in the Policy. Form 33-type disclosure and disclosure on legal matters must be included in the notice. In addition, corporate law may impose valuation requirements on offerors.

(5) **Issuer Bids**

**Definition of an "Issuer Bid"** — "Issuer Bid" is defined in Rule 6-101 as an offer to acquire listed securities made by or on behalf of a listed company for securities issued by that listed company, unless:

(a) the securities are purchased or acquired in accordance with terms and conditions attaching thereto that permit the purchase or acquisition of the securities by the issuer without the prior agreement of the owners of the securities, or where the securities are...
acquired to meet sinking fund or purchase fund requirements;

(b) the purchase or acquisition is required by the instrument creating or governing the class of securities or by the statute under which the issuer was incorporated, organized or continued, or

(c) the securities carry with them or are accompanied by a right of the owner of the securities to require the issuer to repurchase the securities and the securities are acquired pursuant to the exercise of such right.

Types of Issuer Bids — Issuer bids made through the Exchange facilities fall into two categories:

(a) Normal Course Issuer Bids — Normal course issuer bids are limited to small market purchases made at the market price over an extended period of time. The term is defined in Rule 6-101. Generally, purchases may not exceed the greater of 5% of issued and outstanding shares or 10% of the public float over a 12-month period and 2% in any 30 day period. The Exchange Requirements with respect to normal course issuer bids are set out in the Policy 6-501.

(b) Substantial Issuer Bids — Substantial issuer bids are issuer bids that are not normal course issuer bids. There are two types of substantial issuer bids: issuer bids for voting or equity securities, and issuer bids for non-voting and non-equity securities. Each type of bid is subject to separate requirements.

Pursuant to the Exchange’s Requirements on timely disclosure, an issuer shall publicly disclose its intention to make an issuer bid as soon as the final decision to proceed with the bid is made.

Substantial Issuer Bids — The requirements applicable to substantial issuer bids for voting or equity securities are basically the same as those outlined above for a take-over bid. An issuer making a substantial issuer bid for voting or equity securities through the facilities of the Exchange shall file a notice with the Exchange in accordance with Rule 6-203, and with the procedures described in this Policy under the heading “Procedure Applicable to Stock Exchange Take-over Bids”. In addition, unless a waiver is obtained from the Director of the Commission, a valuation of the target company must be prepared in accordance with s. 182 of the Regulation under the Securities Act. Further, unless exempted by OSC Policy 9.1, or a waiver is obtained from the Director of the Commission pursuant to OSC Policy 9.1, a valuation of the target company must be prepared in accordance with the requirements set out in OSC Policy 9.1. OSC Policy 9.1 requires that Form 33-type disclosure and disclosure on legal matters be included in the notice. In addition, the notice must state the purpose or business reasons for the bid.

6-501. — Normal Course Issuer Bids

1. Introduction

Rule 6-501 requires a normal course issuer bid to be made in accordance with this Policy. "Normal course issuer bid" is defined in Rule 6-101.

This Policy sets out the procedures and policies of the Exchange for normal course issuer bids made through its facilities. Subject to certain
restrictions, a listed company is generally permitted to purchase through normal market purchases up to 2% of a class of its voting securities in a given 30-day period up to a maximum in a 12-month period of the greater of 5% of outstanding shares or 10% of the public float.

The objectives of the Policy are to:

(a) provide listed companies with a reasonable and flexible framework within which they may purchase their own shares;

(b) provide shareholders with satisfactory disclosure;

(c) encourage listed companies to treat shareholders equally;

(d) ensure that purchases listed companies do not have a significant effect on the market price of the company’s securities; and

(e) set forth a clear set of rules for normal course issuer bids to facilitate compliance.

(2) Securities Act Exemption

The Securities Act exempts from its requirements an issuer bid (as defined in the Securities Act) where it is made through the facilities of a stock exchange recognized by the Commission. The Exchange has been recognized by the Commission. The Canada Business Corporations Act and the Securities Acts of certain other provinces have similar provisions.

Subsection 93(4) of the Securities Act requires a bid made through a stock exchange pursuant to any exemption in the Securities Act, including the stock exchange exemption, to be made in accordance with by-laws, regulations and policies of the Exchange. Rule 6-201 states that an issuer shall not make an issuer bid through the facilities of the Exchange except in accordance with Exchange Requirements. Where a notice filed with the Exchange contains a misrepresentation or where the issuer otherwise fails to comply with any of the provisions of this Policy, the Exchange will advise the Commission that subsection 93(4) has been violated. This may result in a determination that the Securities Act exemption does not apply and the issuer will therefore be in contravention of the Securities Act as well as Exchange Requirements.

The requirements set out in this Policy must also be followed by an issuer purchasing shares of a class of the issuer through the facilities of the Exchange pursuant to any applicable exemption of the Securities Act other than the stock exchange exemption. This is required by subsection 93(4) of the Securities Act.

(3) Substantial Issuer Bids

A listed company may make repurchases of its shares in excess of those permitted under the normal course issuer bid rules by making a formal bid pursuant to the provisions of Part 6 of the Rules and the Policy on Stock Exchange Take-over Bids and Issuer Bids. Questions regarding formal bids through the facilities of the Exchange should be directed to the Regulatory and Market Policy Section of the Exchange.

(4) Definitions

Please refer to Part 6 of the Rules for the definitions applicable to this Policy, including definitions of “issuer bid”, “normal course issuer bid” and “public float”. The terms “issuer” and “listed company” are used interchangeably herein. The definitions in Part I of the Rules also apply to this Policy.

(5) Restricted Shares

Where the issuer has a class of Restricted Shares, the notice shall include a description of the voting rights of all equity securities (as defined in the Securities Act) of the issuer. Reference is made to OSC Policy 1.3 and the Exchange Requirements on Restricted Shares. Where the issuer does not propose to make the same normal course issuer bid for all classes of voting and equity securities, Item 6 of the notice shall state the business reasons for so limiting the normal course issuer bid.

(6) Procedure for Making a Normal Course Issuer Bid

(a) Intention to Acquire Shares — The filing of a notice is a declaration by the issuer that it has a present intention to acquire shares. The notice should set out the number of shares that the issuer’s board of directors has determined may be acquired rather than simply reciting the maximum number of shares that may be purchased pursuant to this Policy. A notice is not to be filed if the issuer does not have a present intention to purchase shares.

The Exchange will not accept a notice if the company would not meet the criteria for continued listing on the Exchange, assuming all of the purchases contemplated by the notice were made.

(b) Contents and Filing of the Notice — The Exchange requires that the issuer prepare and submit to the Exchange a draft of a notice containing the information prescribed by the Appendix to this Policy. When the notice is in a form acceptable to the Exchange, the issuer shall file the notice in final form, duly executed by a senior officer or director of the issuer, for acceptance by the Exchange.

(c) Duration — A normal course issuer bid shall not extend for a period of more than one year from the date on which purchases may begin.

(d) Press Release — The issuer will generally issue a press release indicating its intention to make a normal course issuer bid, subject to regulatory approval, prior to acceptance of the executed notice by the Exchange. The press release should summarize the material aspects of the contents of the notice, including the number of shares sought, the reason for the bid and previous purchases. If a press
release has not already been issued, a draft press release should be provided to the Exchange and the issuer shall issue a press release as soon as the notice is accepted by the Exchange. A copy of the final press release shall be filed with the Exchange.

(e) Disclosure to Shareholders — The issuer shall include a summary of the material information contained in the notice in the next annual report, annual information circular, quarterly report or other document mailed to shareholders. The document should indicate that shareholders may obtain a copy of the notice, without charge, by contacting the issuer.

(f) Commencement of Purchases — A normal course issuer bid may commence on the date that is two trading days after the latest of:

(i) the date of acceptance by the Exchange of the issuer’s notice in final Executed form; or

(ii) the date of issuance of the press release required by Policy 6-501(6)(d).

(g) Publication by the Exchange — Upon acceptance of the notice the Exchange will publish summary notification of the normal course issuer bid in its Daily Record.

(h) Amendment — During the course of a normal course issuer bid an issuer may determine that it wishes to amend its notice by increasing the number of shares sought while not exceeding the maximum percentages referred to in the definition of normal course issuer bid. The issuer may do so by issuing a press release and advising the Exchange in writing.

(7) Purchases by a Trustee or Agent

A trustee or other purchasing agent (hereinafter referred to as a “trustee”) for a pension, stock purchase, stock option, dividend reinvestment or other plan in which employees or shareholders of a listed company may participate is deemed to be making an offer to acquire securities on behalf of the listed company where the trustee is deemed to be non-independent. Trustees that are deemed to be non-independent are subject only to Policy 6-501(8) and (9) and to the limits on purchases of the issuer’s securities prescribed by the definition of “normal course issuer bid”. Trustees that are non-independent must notify the Exchange before commencing purchases.

A trustee is deemed to be non-independent where:

(a) the trustee (or one of the trustees) is an employee, director associate or affiliate of the issuer; or

(b) the issuer, directly or indirectly, has control over the time, price, amount and manner of purchases or the choice of the broker through which the purchases are to be made. The issuer is not considered to have control where the purchase is made on the specific instructions of the employee or shareholder who will be the beneficial owner of the shares.

The Exchange should be contacted where there is uncertainty as to the independence of the trustee.

(8) Reporting Purchases

Within 10 days of the end of each month in which any purchases are made, whether the securities were purchased through the facilities of the Exchange or otherwise, the issuer shall report its purchases to the Exchange stating the number of securities purchased during its purchases that month, giving the average price paid and stating whether the securities have been cancelled, reserved for issuance or otherwise dealt with. Nil reports are not required. The monthly reports are to be addressed to the attention of the Exchange's Advisory Affairs Division. The issuer may delegate the reporting requirement to the Participating Organization appointed to make its purchases; however, the issuer bears the responsibility of ensuring timely reports are made. The Exchange periodically publishes a list of securities purchased pursuant to normal course issuer bids.

This paragraph also applies to purchases by non-independent trustees pursuant to Policy 6-501(7) and to purchases by any party acting jointly or in concert with the issuer.

(9) Prohibited Purchases

The Exchange has set the following rules for issuers and Participating Organizations acting on their own behalf:

1. Price Limitations — It is inappropriate for an issuer making a normal course issuer bid to abnormally influence the market price of its shares. Therefore, purchases made by issuers pursuant to a normal course issuer bid shall be made at a price which is not higher than the last independent trade of a board lot of the class of shares which is the subject of the normal course issuer bid. In particular, the following are not "independent trades":

(a) trades directly or indirectly for the account of (or an account under the direction of) an insider of the issuer, or any associate or affiliate of either the issuer or an insider of the issuer;

(b) trades for the account of (or an account under the direction of) the Approved Trader making purchases for the bid; and

(c) trades solicited by the Approved Trader making purchases for the bid.

2. Prearranged Trades — It is important to investor confidence that all holders of identical shares be treated in a fair and even-handed manner by the issuer. Therefore, a
cross or pre-arranged trade is not permitted where the seller is an insider of the issuer, an associate of an insider, or an associate or affiliate of the issuer.

3. Private Agreements — It is the view of the Exchange that it is in the interest of shareholders that transactions pursuant to an issuer bid should be made in the open market. This philosophy is also reflected in the Securities Act, which provides very limited exemptions for private agreement purchases. The Exchange, therefore, will not normally accept a notice which indicates that purchases will be made other than by means of open market transactions.

4. Sales from Control — Purchases pursuant to a normal course issuer bid shall not be made from a person effecting a sale from control block pursuant to subsection 72(7) of the Securities Act and Policy 4-305 on Sales from Control Blocks Through the Facilities of the Exchange. It is the responsibility of the Participating Organization acting as agent for the issuer to ensure that it is not bidding in the market for the normal course issuer bid at the same time as a Participating Organization is offering the same class of securities of the issuer under a sale from control.

5. Purchases During a Take-Over Bid — An issuer shall not make any purchases of its securities pursuant to a normal course issuer bid during a take-over bid for those securities. This restriction applies during the period from the first public announcement of the bid until the termination of the period during which securities may be deposited under such bid, including any extension thereof. This restriction does not apply to purchases made solely as a trustee pursuant to a pre-existing obligation under a pension, stock purchase, stock option, dividend reinvestment or other plan.

In addition, if the issuer is making a securities exchange take-over bid, it shall not make any purchases of the security offered in the bid pursuant to OSC Policy 9.3.

### (10) Participating Organization

The issuer shall appoint only one Participating Organization at any one time as its broker to make purchases. The issuer shall inform the Exchange in writing of the name of the responsible broker. The Participating Organization shall be provided with a copy of the notice and be instructed to make purchases in accordance with the provisions of this Policy and the terms of such notice. The Exchange will look to its Participating Organizations to make purchases in accordance with such instructions. To assist the Exchange in its surveillance function, the issuer is required to receive the written consent of the Exchange where it intends to change its broker.

### (11) Powers of the Exchange

The powers of the Exchange with respect to normal course issuer bids are set out in Rule 6-601. They include the power to exempt any person from Exchange Requirements where in the opinion of the Exchange, it would not be prejudicial to the public interest to do so. Blanket exemptions will only be granted after prior discussions with and the concurrence of the Commission.

### (12) Suspension for Non-Compliance

Failure to comply with any requirement herein may result in the suspension of the bid.

### (13) Fees

A fee of $1000 shall be paid on filing a duly executed notice.

### (14) Enquiries

Notices of normal course issuer bids and monthly reports regarding purchases should be addressed to the Regulatory and Market Policy Section of the Exchange. Questions and comments regarding the procedures and policies of the Exchange relating to normal course issuer bids should be directed to the Market Policy Section at 947-4566.

### APPENDIX — NOTICE OF INTENTION TO MAKE A NORMAL COURSE ISSUER BID

**CONTENTS OF NOTICE** — A notice shall provide the information set out below in the following form:

- **Item 1** Name of Issuer

- **Item 2** Shares Sought — State the class and maximum number (or percentage) of shares that may be acquired. Also state the percentage of shares outstanding or the public float, as the case may be, that the bid is for. Where the issuer has established a specific number of shares to be acquired, state the number of shares sought. A notice may relate to the acquisition of more than one class of shares of an issuer provided the bid for each class of shares qualifies as a normal course issuer bid. For example, an issuer with common shares and convertible preferred shares outstanding may wish to purchase up to 5% of each class over a 12 month period.

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**Sec. 6-601 ¶1450-143**
Appendix F

Section 6-601

Item 3 Duration — State the dates on which the normal course issuer bid will commence and terminate. The normal course issuer bid may not extend for a period of more than one year from the date on which purchases may commence.

Item 4 Method of Acquisition — Indicate clearly that purchases will be effected through the facilities of the Exchange and identify any other exchanges on which purchases will be made. State that purchase and payment for the shares will be made by the issuer in accordance with the requirements of the Exchange and that the price that the issuer will pay for any shares acquired by it will be the market price of the shares at the time of acquisition.

In addition, indicate whether purchases (other than by way of exempt offer) will be made other than by means of open market transactions during the period the normal course issuer bid is outstanding.

Item 5 Consideration Offered — Indicate any restrictions on the price the offeror is prepared to pay and any other restrictions relating to the issuer bid, such as specific funds available, method of purchasing, etc.

Item 6 Reasons for the Normal Course Issuer Bid — State the purpose or the business reasons for normal course issuer bid.

Item 7 Valuation — Include a summary of any appraisal or valuation of the issuer known to the directors or officers of the issuer after reasonable enquiry regarding the issuer, its material assets or securities prepared within the two years preceding the date of the notice, together with a statement of a reasonable time and place at which such appraisal or valuation, or a copy thereof, may be inspected. For the purpose of this Item 7, the phrase “appraisal or valuation” means both an independent appraisal or valuation and a material non-independent appraisal or valuation.

Item 8 Previous Purchases — Where the issuer has purchased shares which are the subject of the normal course issuer bid within the past 12 months, state the method of acquisition, the number of shares purchased and the average price paid.

Item 9 Persons Acting Jointly or In Concert with the Issuer — Disclose the identity of any party acting jointly or in concert with the issuer.

Item 10 Acceptance by Insiders, Affiliates and Associates — State the name of every director or senior officer of the company who intends to sell shares of the issuer during the course of the normal course issuer bid and where their intention is known after reasonable enquiry, the name of every:

(a) associate of a director or senior officer of the company;

(b) person acting jointly or in concert with the company; or

(c) person holding 10% or more of any class of equity securities of the company, who intends to sell shares.

Item 11 Benefits from the Normal Course Issuer Bid — State direct or indirect benefits to any of the persons or companies named in item 10 of selling or not selling shares of the issuer during the course of the normal course issuer bid. An answer to this item is not required where the benefits to such company of selling or not selling shares are the same as the benefits to any other shareholder who sells or does not sell.

Item 12 Material Changes in the Affairs of the Issuer Company — Disclose any previously undisclosed material changes or plans or proposals for material changes in the affairs of the issuer.

Item 13 Certificate — The notice shall be certified complete and accurate and in compliance with Part 6 of the Rules and Policies of the Exchange by a director or senior officer of the issuer duly authorized by the issuer’s board of directors. The certificate shall include a statement to the effect that the notice contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it is made.
APPENDIX G
POLICY STATEMENT ON SHAREHOLDER RIGHTS PLANS

Introduction
This Policy Statement is intended to provide guidance to listed companies and other market participants on the Exchange’s regulatory approach and practice regarding shareholder rights plans (also referred to herein as “poison pills”).

Poison pills fall under the jurisdiction of the Exchange by virtue of Section 601 which requires listed companies to pre-clear with the Exchange any potential issuance of equity securities from treasury.

It is recognized that the adoption of a poison pill can play a significant role in enabling management of a listed company to maximize value for shareholders if and when a take-over bid puts the company into play. At the same time, a poison pill may be used to impair the unrestricted auction process otherwise available through the take-over bid mechanism.

In this context, the Exchange continues to maintain the position that it should not take sides in take-over contests and should not have any prohibition against take-over defensive tactics employed by its listed companies. The Exchange therefore neither endorses nor prohibits the adoption of poison pills generally or in connection with any particular take-over bid. The securities commissions in Canada are responsible for reviewing the propriety or operation of take-over bid defensive tactics pursuant to National Policy 62-202.

Although it has no ban against the adoption of a shareholder rights plan by a listed company, the Exchange believes that shareholders of the company should have the opportunity to decide whether the continued existence of a plan that has been adopted by the board of directors of the company in the normal course of affairs (i.e. absent a threatened or actual specific take-over bid) is in the shareholders’ best interests. This Policy Statement provides accordingly that a shareholder rights plan that has been enacted in such circumstances must be ratified by a company’s shareholders at a meeting to be held within six months of the plan’s adoption or else the plan must be cancelled.

Filing and Listing Procedure
Sec. 1. A draft of the proposed shareholder rights plan (the “plan”) or poison pill should be filed with the Exchange's Advisory Affairs Divi-

Sec. 5

TSX Company Manual
the Exchange will normally require that the plan be ratified by a vote of shareholders that excludes the votes of the exempted shareholder and its associates, affiliates and insiders (as these terms are defined in the Ontario Securities Act), as well as by a vote that does not exclude such shareholder.

Sec. 6. If a plan can be reasonably perceived to have been proposed or adopted as a response to a specific take-over bid for a listed company that has been made or is contemplated, the Exchange will normally defer its decision on whether to consent to the plan until the Ontario Securities Commission has had the opportunity to consider whether it will initiate proceedings by virtue of National Policy 62-202 regarding defensive tactics. If the Ontario Securities Commission chooses not to intervene, the Exchange will generally not object to the adoption of a poison pill in the circumstances set out in this Section.

Plan Amendment

Sec. 7. No amendment of a plan that has been adopted by a listed company may be made without the prior written consent of the Exchange. In order to seek such consent, the listed company must file with the Exchange's Advisory Affairs Division (i) a black-lined draft of the amended plan, (ii) a letter that summarizes the proposed changes to the plan, and (iii) a filing fee payable to the Exchange (see Section 811).
APPENDIX H
COMPANY REPORTING FORMS
¶1450-301

TSX COMPANY REPORTING FORMS — USER GUIDE

Refer to the "Filing Instructions" section of each Company Reporting Form to determine when the filing of such Form is required.

● Every Company is strongly encouraged to complete and file the appropriate Company Reporting Form electronically although the Toronto Stock Exchange ("TSX") will certainly accept any Form that is duly completed and filed in paper format. All of the Company Reporting Forms are available on the TSX website at www.tsx.com by clicking on "Getting Listed", then "Listing on the Toronto Stock Exchange", then "Advisory Affairs", then scroll down to "Reporting Forms".

● The TSX requirement that each Company file an Annual Questionnaire has been repealed and replaced with the requirement that each Company must file the relevant Company Reporting Form in the appropriate circumstances.

● The Company Reporting Forms are designed to standardize the reporting format of some of the corporate information changes that are most frequently encountered by a Company. For a comprehensive guide to a Company's reporting obligations to the TSX, please refer to the TSX Filing Guide and to the TSX Company Manual which are available on the TSX website at www.tsx.com by using the same steps outlined above.

● In this User Guide and in the TSX Company Reporting Forms,
(i) the term "Company" includes a trust, partnership or other form of TSX-listed business organization; and
(ii) the term "share" includes an equity interest in a trust, partnership or other form of business organization or an equity interest in the net assets of any of them, as the case may be.
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FORM: 1  |  CHANGE IN OUTSTANDING AND RESERVED SECURITIES

WHEN TO FILE: Within 10 days after the end of each month in which any change to the number of outstanding or reserved listed securities has occurred (including a reduction in such number that results from a cancellation or redemption of securities). If no such change has occurred, a nil report should be filed.

HOW: For Companies Reporting to the Toronto TSX Office:
Via fax to 416-947-4547 or via email to advisoryaffairs@tsx.com
For Companies Reporting to the Montreal TSX Office:
Via fax to 514-788-2421 or via email to advisoryaffairs@tsx.com

QUESTIONS: For Companies Reporting to the Toronto TSX Office:
Email advisoryaffairs@tsx.com or contact the TSX Reporting Agent who is responsible for the Company (based on the first letter of the Company’s name), as follows:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>A–K</td>
<td>416-947-4538</td>
</tr>
<tr>
<td>L–Z</td>
<td>416-947-4616</td>
</tr>
</tbody>
</table>

For all Companies Reporting to the Montreal TSX Office:
Call 514-788-2451

NOTE: The Company may customize the form to ensure that the charts below contain all applicable information relating to the issuer. Each share compensation arrangement which involves the issuance of treasury securities must have its own chart.

This Form replaces the “Changes in Capital Structure” form.

Although the Closing Issued and Outstanding Share Balance figure to be entered on the last line of Section A of this Form will be posted on the TSX website, no other information provided by the Company in this Form will be made available for public view.
## CHANGE IN OUTSTANDING AND RESERVED SECURITIES

<table>
<thead>
<tr>
<th></th>
<th># of Shares</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>### ISSUED AND OUTSTANDING SHARE SUMMARY*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued and Outstanding — Opening Balance*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock Options Exercised</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Purchase Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend Reinvestment Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercise Warrants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Placement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conversion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Issuance (provide description)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ADD:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SUBTRACT:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuer Bid Purchase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redemption</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Cancellation (provide description)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing Issued and Outstanding Share Balance*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### RESERVED FOR SHARE COMPENSATION ARRANGEMENTS

<table>
<thead>
<tr>
<th></th>
<th># of Shares</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Share Purchase Plans and/or Agreement(s)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAME OF PROGRAM:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Reserve for Share Purchase Plan/Agreement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional Shares Listed Pursuant to the Plan (ADD)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares Issued from Treasury (SUBTRACT)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing Reserve for Share Purchase Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B. Dividend Reinvestment Plan (DRIP) — for shareholders</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAME OF PROGRAM:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Reserve for Dividend Reinvestment Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional Shares Listed Pursuant to the Plan (ADD)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares Issued (SUBTRACT)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing Reserve for Dividend Reinvestment Plan</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Appendix H

**FORM:** 1  |  **Company Name:**  |  **Stock Symbol:**
---|---|---

### RESERVED FOR SHARE COMPENSATION ARRANGEMENTS

#### C. Stock Option Plan (and/or) Agreement

**NAME OF PROGRAM:**

### Stock Options Outstanding — Opening Balance

<table>
<thead>
<tr>
<th>Date of Grant</th>
<th>Name of Optionee</th>
<th>Expiry Date</th>
<th>Exercise Price</th>
<th># of Options Granted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SUBTOTAL**

### Options Exercised: (SUBTRACT) Shares issued on exercise must also be subtracted in the table entitled "Shares Reserved" below

<table>
<thead>
<tr>
<th>Date of Exercise</th>
<th>Name of Optionee</th>
<th>Date of Grant</th>
<th>Exercise Price</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SUBTOTAL**

### Share Appreciation Rights or Market Growth Feature ("SAR") in tandem with Stock Options.

<table>
<thead>
<tr>
<th>Date of Exercise/Canc.</th>
<th>Name of Optionee</th>
<th>Date of Grant</th>
<th># Options Canc.</th>
<th># Shares Issued* (Based on SAR Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SUBTOTAL**

*, Shares may, or may not be issued however "Shares Reserved" (for Stock Option Plan) may require a deduction in accordance with TSX acceptance of the Plan. Please ensure all applicable changes are noted.

### Options Cancelled/Terminated: (SUBTRACT) If an option is cancelled prior to its natural expiry date, for reasons other than termination of employment or natural expiry, the entry should be noted with a + and an explanation provided below.

<table>
<thead>
<tr>
<th>Date of Canc./Term</th>
<th>Name of Optionee</th>
<th>Date of Grant</th>
<th>Expiry Date</th>
<th>Exercise Price</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SUBTOTAL**

### Stock Option Outstanding — Closing Balance

---

TSX Company Manual  
[1450-301]
### FORM 1

**Reserved for Share Compensation Arrangements**

<table>
<thead>
<tr>
<th>D. Shares Reserved (for Stock Option Plan)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NAME OF PROGRAM:</td>
<td># of Shares</td>
<td>Balance</td>
</tr>
<tr>
<td>Opening Share Reserve Balance at beginning of period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional shares Listed Pursuant to the Plan (ADD)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock Options Exercised (SUBTRACT)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock Appreciation Rights (SUBTRACT)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing Share Reserve Balance at end of period</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All information reported in this Form is for the month of ______________, 200__.

**Filed on behalf of the Company by:**

(please print name and direct phone or email)

<table>
<thead>
<tr>
<th>NAME</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PHONE / EMAIL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**1706**

Appendix H

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Appendix H

FORM:2 | CHANGE IN GENERAL COMPANY INFORMATION

WHEN TO FILE: Within 10 days after the relevant change.

HOW:
For Companies Reporting to the Toronto TSX Office:
Via fax to 416-947-4547 or via email to advisoryaffairs@tsx.com

For Companies Reporting to the Montreal TSX Office:
Via fax to 514-788-2421 or via email to advisoryaffairs@tsx.com

QUESTIONS:
For Companies Reporting to the Toronto TSX Office:
Email advisoryaffairs@tsx.com or contact the TSX Reporting Agent who is responsible for the Company (based on the first letter of the Company's name), as follows:
A-K 416-947-4538
L-Z 416-947-4616

For Companies Reporting to the Montreal TSX Office:
Call 514-788-2451 or via email to advisoryaffairs@tsx.com
### Change in General Company Information

<table>
<thead>
<tr>
<th>Address</th>
<th>Phone</th>
<th>Fax</th>
</tr>
</thead>
<tbody>
<tr>
<td>STREET ADDRESS, CITY, PROVINCE/STATE, POSTAL/ZIP CODE, COUNTRY</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>GENERAL, TOLL FREE</td>
<td>FAX</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GENERAL EMAIL, WEBSITE</th>
</tr>
</thead>
<tbody>
<tr>
<td>EFFECTIVE DATE OF CHANGE</td>
</tr>
</tbody>
</table>

© 2004, CCH Canadian Limited
## CHANGE IN GENERAL COMPANY INFORMATION

### Change in Jurisdiction of Incorporation (Country only)

<table>
<thead>
<tr>
<th>New Jurisdiction of Incorporation</th>
<th>Effective Date of Change</th>
</tr>
</thead>
</table>

### Change in Fiscal Year-End

<table>
<thead>
<tr>
<th>New Fiscal Year-End</th>
<th>Effective Date of Change</th>
</tr>
</thead>
</table>

### Change in Interlisting Status

**NOTE:** If the Company has become interlisted on another market, or has recently ceased to be listed on another market, provide the following information with respect to such other market(s).

If securities of the Company are now traded (or have recently ceased to be traded) on NASDAQ, specify the market segment (e.g., National Market, SmallCap, OTC Bulletin Board or AMEX).

<table>
<thead>
<tr>
<th>Market</th>
<th>Trading Symbol</th>
<th>Class of Security</th>
<th>Date Listed / Date Delisted</th>
</tr>
</thead>
</table>

### Change in Transfer Agent & Registrar

**NOTE:** Every Company must maintain acceptable transfer agent services in the City of Toronto.

<table>
<thead>
<tr>
<th>Transfer Agent (new)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-Transfer Agent (if applicable)</td>
</tr>
</tbody>
</table>

Name of Registrar (if different from Transfer Agent)  
Effective Date of Change
FORM: 3 | CHANGE IN OFFICERS / DIRECTORS / TRUSTEES

WHEN TO FILE: A. Non-Exempt Companies*
   (i) Prior to the change if it is an addition or appointment of a new director or officer; or
   (ii) Within 10 days after the change if it is a termination, resignation or change in
        position or title.

* Each Non-Exempt Company is identified in TSX publications such as the TSX Monthly
   Review and the TSX Daily Record and on the quote page of www.tsx.ca by the addition
   of the letter “J” beside the Company's name. The TSX requires that each new officer or
   director of a non-exempt Company promptly file with the TSX a completed and executed
   Personal Information Form (see Form 4).

B. Exempt Companies**
   Within 10 days after any relevant change.

** An Exempt Company is a Company that is not a Non-Exempt Company. A Personal
   Information Form does not need to be filed in regard to any new officer or director of an
   Exempt Company unless the TSX specifically requests in writing such a filing.

C. Trusts and Limited Partnerships
   In addition to the above-described requirements for an Exempt Company, file a Form 3 within
   10 days of any relevant change to the senior officers or directors of the Manager or General
   Partner, as the case may be, of the listed Trust or Limited Partnership.

HOW: For Companies Reporting to the Toronto TSX Office:
   Via fax to 416-947-4547 or via email to advisoryaffairs@tsx.com

For Companies Reporting to the Montreal TSX Office:
   Via fax to 514-788-2421 or via email to advisoryaffairs@tsx.com

QUESTIONS: For Companies Reporting to the Toronto TSX Office:
   Email advisoryaffairs@tsx.com or contact the TSX Reporting Agent who is
   responsible for the Company (based on the first letter of the Company’s name), as follows:

   A–K  416-947-4538
   L–Z  416-947-4616

For Companies Reporting to the Montreal TSX Office:
   Call 514-788-2451 or email advisoryaffairs@tsx.com regarding any questions about this Form or
   about the exempt / non-exempt status of the Company.

NOTE: A Form 3 is not required to be filed in respect of any change to the officers or directors of any
   subsidiary of the Company.
CHANGE IN OFFICERS / DIRECTORS / TRUSTEES

A separate Form per individual should be completed. If there are multiple changes, copy and paste electronically or photocopy the form.

<table>
<thead>
<tr>
<th>Identity of the Individual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CIVIL TITLE</strong></td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td>CHECK HERE • Addition (new appointment)</td>
</tr>
<tr>
<td>Position — identify position(s) now held, or to be held, by the individual</td>
</tr>
<tr>
<td>CHECK HERE • Deletion (termination or resignation)</td>
</tr>
<tr>
<td>Position — identify position(s) from which the individual resigned or was terminated</td>
</tr>
<tr>
<td>CHECK HERE • Change in Position / Title</td>
</tr>
<tr>
<td>Position — identify the title or position(s) formerly held by the individual and the one now held by that individual</td>
</tr>
<tr>
<td><strong>OLD POSITION(S)</strong></td>
</tr>
</tbody>
</table>

For Non-Exempt Issuer:

Has a Personal Information Form filed with TSX?

○ YES ○ NO DATE FILED

Filed on behalf of the Issuer by:

(please print name and direct phone or email)

**NAME**

**PHONE / EMAIL**

**DATE**
FORM: 4 PERSONAL INFORMATION FORM

PERSONAL INFORMATION FORM

Where an individual has submitted a Personal Information Form ("PIF") to the Toronto Stock Exchange, a division of TSX Inc. (referred to as the “Exchange”) within the last 12 months and the information has not changed, a Declaration Form may be completed in lieu of this PIF. Otherwise, this PIF is to be completed by every individual who:

(a) is or becomes an officer, director or insider (as defined pursuant to securities legislation) of an issuer listed on the Exchange (referred to as an "Issuer");
(b) beneficially owns or controls, directly or indirectly, securities representing more than 10 percent of the voting rights attached to all outstanding voting securities of the Issuer;
(c) where a securityholder referred to in paragraph (b) is not an individual, any director, officer or insider of that securityholder;
(d) is an individual requested by the Exchange to complete a PIF; or
(e) is an individual requested by a securities regulatory authority (referred to as an "SRA"), as defined below, to complete a PIF.

General Instructions On How To Complete This PIF:

The Form

The Exchange requires an originally completed PIF and two photocopies of the original. No facsimiles will be accepted. Each PIF must be signed and initialed where necessary manually, not mechanically or electronically. The SRA will accept a copy of the PIF if an original was submitted to the Exchange. Otherwise, the SRA will require an originally completed PIF.

In all cases, the Consent for Disclosure of Criminal Record Information, which is attached as Exhibit 1, must be completed.

Foreign Residents

Persons submitting a PIF who reside outside of Canada may be required to complete and submit additional forms and information. Please contact the Exchange and the SRA for further information.

Disclosure

Failure to fully disclose any information required by this PIF or false or misleading disclosures may result in the disqualification of an individual from involvement with the Issuer and/or other issuers.

Processing Delays

Failure to respond to all questions accurately and completely may result in the return of the PIF, may delay the processing of the related application of the Issuer and may result in the denial of the Issuer’s application.

All Questions

All questions must have a response. The Exchange and the SRA will not accept the response of “N/A” or “Not Applicable” for any questions, except Questions 1(B), 2B(iii) and 5(A).

Questions 6 to 9

Please check (✓) in the appropriate space provided. If your answer to any of questions 6 to 9 is "YES", you must, in an attachment, provide complete details, including the circumstances, relevant dates, names of the parties involved and final disposition, if known. Any attachment must be initialed by the Notary Public and the person completing this PIF. Responses must consider all time periods.
CAUTION

An individual who makes a false statement by statutory declaration commits an offence under securities legislation and an indictable offence under the Criminal Code (Canada). The indictable offence is punishable by imprisonment for a term not exceeding fourteen years. Steps may be taken to verify the answers you have given in this PIF, including verification of information relating to any previous criminal record.

DEFINITIONS

Capitalized terms not defined herein are as defined in the Toronto Stock Exchange Company Manual.

"Offence" An offence includes:

- a summary conviction or indictable offence under the Criminal Code (Canada);
- a quasi-criminal offence (for example under the Income Tax Act (Canada), the Immigration Act (Canada) or the tax, immigration, drugs, firearms, money laundering or securities legislation of any jurisdiction; or
- a misdemeanor or felony under the criminal legislation of the United States of America, or any state or territory therein or an offence under the criminal legislation of any other jurisdiction.

NOTE: If a pardon under the Criminal Records Act (Canada) has been formally requested and you have received formal written notice that such pardon has been granted and it has not been revoked, you are not obliged to disclose any such pardoned offence. In such circumstances, the appropriate written response would be "Yes, pardon granted on (date)."

"Proceedings" means:

(a) a civil or criminal proceeding or inquiry before a court,
(b) a proceeding before an arbitrator or umpire or a person or group of persons authorized by law to make an inquiry and take evidence under oath in the matter,
(c) a proceeding before a tribunal in the exercise of a statutory power of decision making where the tribunal is required by law to hold or afford the parties to the proceeding an opportunity for a hearing before making a decision, or
(d) a proceeding before a self-regulatory organization authorized by law to regulate the operations and the standards of practice and business conduct of its members and their representatives, in which the self-regulatory organization is required under its by-laws or rules to hold or afford the parties the opportunity for a hearing before making a decision, but does not apply to a proceeding in which one or more persons are required to make an investigation and to make a report, with or without recommendations, if the report is for the information or advice of the person to whom it is made and does not in any way bind or limit that person in any decision the person may have the power to make;

"securities regulatory authority" (or "SRA") means a body created by statute in any jurisdiction to administer securities law, regulation and policy (e.g. securities commission), but does not include an exchange or other self regulatory organization;

"self regulatory organization" means (a) a stock, commodities, futures or options exchange; (b) an association of investment, securities, mutual fund, commodities, or future dealers; (c) an association of investment counsel or portfolio managers; (d) an association of other professionals (e.g. legal, accounting, engineering); and (e) any other group, institution or self-regulatory entity, recognized by a securities regulatory authority, that is responsible for the enforcement of rules, disciplines or codes under any applicable legislation, or considered a self regulatory organization in another country.
1. **IDENTIFICATION OF INDIVIDUAL COMPLETING FORM**

<table>
<thead>
<tr>
<th>LAST NAME(S)</th>
<th>FIRST NAME(S)</th>
<th>MIDDLE NAME(S) (If none, please state)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NAME(S) MOST COMMONLY KNOWN BY:**

**NAME OF ISSUER** (State the name of the Issuer that is listed or that has applied to list on the Exchange)

**PRESENT or PROPOSED POSITION(S) WITH THE ISSUER** – check (v) all positions below that are applicable.

<table>
<thead>
<tr>
<th>Director</th>
<th>Officer</th>
<th>Insider</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**IF DIRECTOR / OFFICER DISCLOSE THE DATE ELECTED / APPOINTED**

<table>
<thead>
<tr>
<th>Month</th>
<th>Day</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**IF OFFICER – PROVIDE TITLE**

**IF OTHER – PROVIDE DETAILS**

**PRESENT or PROPOSED POSITION(S) WITH THE ISSUER** – check (v) all positions below that are applicable.

<table>
<thead>
<tr>
<th>FROM</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>MM</td>
<td>YY</td>
</tr>
<tr>
<td>MM</td>
<td>YY</td>
</tr>
</tbody>
</table>

B. **Other than the name given in Question 1A above, provide any legal names, assumed names or nicknames under which you have carried on business or have otherwise been known, including information regarding any name change(s) resulting from marriage, divorce, court order or any other process. Use an attachment if necessary.**

C. **GENDER**

<table>
<thead>
<tr>
<th>GENDER</th>
<th>DATE OF BIRTH</th>
<th>PLACE OF BIRTH</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Month (e.g. May)</td>
<td>Day</td>
</tr>
<tr>
<td>Male</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix H

D. MARITAL STATUS

FULL NAME OF SPOUSE - include common-law

OCCUPATION OF SPOUSE

E. TELEPHONE AND FAXSIMILE NUMBERS AND E-MAIL ADDRESS

RESIDENTIAL (    ) FACSIMILE (    )

BUSINESS (    ) E-MAIL

F. RESIDENTIAL HISTORY - Provide all residential addresses for the past 10 YEARS starting with your current principal residential address. If you are unable to correctly identify the complete residential address for a period, which is beyond five years from the date of completion of this PIF, the municipality and province or state and country must be identified. The Exchange reserves the right to require the full address.

<table>
<thead>
<tr>
<th>STREET ADDRESS, CITY, PROVINCE/STATE, COUNTRY &amp; POSTAL/ZIP CODE</th>
<th>FROM</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MM YY</td>
<td>MM YY</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. CITIZENSHIP

A. CANADIAN CITIZENSHIP

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Are you a Canadian Citizen?</td>
<td></td>
</tr>
<tr>
<td>(ii) Are you a person lawfully in Canada as an immigrant but are not yet a Canadian citizen?</td>
<td></td>
</tr>
<tr>
<td>(iii) If “Yes” to Question 2A(ii), the number of years of continuous residence in Canada:</td>
<td></td>
</tr>
</tbody>
</table>

B. OTHER CITIZENSHIP

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Do you hold citizenship in any country other than Canada?</td>
<td></td>
</tr>
<tr>
<td>(ii) If “Yes” to Question 2B(i), the name of the country(s)</td>
<td></td>
</tr>
<tr>
<td>(iii) Please provide U.S. Social Security number, where you have such a number</td>
<td></td>
</tr>
</tbody>
</table>

3. EMPLOYMENT HISTORY

Provide your employment history for the 10 YEARS immediately prior to the date of this PIF starting with your current employment. Use an attachment if necessary.

<table>
<thead>
<tr>
<th>EMPLOYER NAME</th>
<th>EMPLOYER ADDRESS</th>
<th>POSITION HELD</th>
<th>FROM</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>MM</td>
<td>YY</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>MM</td>
<td>YY</td>
</tr>
</tbody>
</table>
4. POSITIONS WITH OTHER ISSUERS

A. While you were a director, officer or insider of an issuer, did any exchange or self-regulatory organization ever refuse approval for listing or quotation of that issuer (including a listing resulting from a Qualifying Transaction, Reverse Take Over, Backdoor Listing or change of business)? If yes, attach full particulars.

B. Has your employment in a sales, investment or advisory capacity with any firm or company engaged in the sale of real estate, insurance or mutual funds ever been terminated for cause?

C. Has a firm or company registered under the securities laws of any jurisdiction as a securities dealer, broker, investment advisor or underwriter, suspended or terminated your employment for cause?

D. Are you or have you during the last 10 years ever been a director, officer, promoter, insider or control person for any reporting issuer?

E. If "YES" to 4D above, provide the names of each reporting issuer. State the position(s) held and the period(s) during which you held the position(s). Use an attachment if necessary.

<table>
<thead>
<tr>
<th>NAME OF REPORTING ISSUER</th>
<th>POSITION(S) HELD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. EDUCATIONAL HISTORY

A. PROFESSIONAL DESIGNATION(S) - Provide any professional designation held and professional associations to which you belong. For example, Barrister & Solicitor, C.A., C.M.A., C.G.A., P.Eng., P.Geol., and CFA, etc. and indicate which organization and the date the designations were granted.

<table>
<thead>
<tr>
<th>PROFESSIONAL DESIGNATION And MEMBER NUMBER</th>
<th>GRANTOR OF DESIGNATION And JURISDICTION</th>
<th>DATE GRANTED</th>
<th>ACTIVE?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>MM DD YY</td>
<td>YES NO</td>
</tr>
</tbody>
</table>

B. Provide your post-secondary educational history starting with the most recent.

<table>
<thead>
<tr>
<th>SCHOOL</th>
<th>LOCATION</th>
<th>DEGREE OR DIPLOMA</th>
<th>DATE OBTAINED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>MM UD YY</td>
</tr>
</tbody>
</table>
6. **OFFENCES** - If you answer “YES” to any item in Question 6, you must provide complete details in an attachment.

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Have you ever pled guilty to or been found guilty of an offence?</td>
<td></td>
</tr>
<tr>
<td>B.</td>
<td>Are you the subject of any current charge, indictment or proceeding for an offence?</td>
<td></td>
</tr>
<tr>
<td>C.</td>
<td>To the best of your knowledge, are you or have you ever been a director, officer, promoter, insider, or control person of an issuer, in any jurisdiction, at the time of events, where the issuer:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i) has ever pled guilty to or been found guilty of an offence?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(ii) is the subject of any current charge, indictment or proceeding for an offence?</td>
<td></td>
</tr>
</tbody>
</table>

7. **BANKRUPTCY** - If you answer “YES” to any item in Question 7, you must provide complete details in an attachment and attach a copy of any discharge, release or other applicable document.

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Have you, in any jurisdiction, within the past 10 years, had a petition in bankruptcy issued against you, made a voluntary assignment in bankruptcy, made a proposal under any bankruptcy or insolvency legislation, been subject to any proceeding, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to manage your assets?</td>
<td></td>
</tr>
<tr>
<td>B.</td>
<td>Are you now an undischarged bankrupt?</td>
<td></td>
</tr>
<tr>
<td>C.</td>
<td>To the best of your knowledge, are you or have you ever been a director, officer, promoter, insider, or control person of an issuer, in any jurisdiction, at the time of events, or for a period of 12 months preceding the time of events, where the issuer:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i) has made a petition in bankruptcy, a voluntary assignment in bankruptcy, a proposal under any bankruptcy or insolvency legislation, been subject to any proceeding, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to manage the issuer’s assets?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(ii) is now an undischarged bankrupt?</td>
<td></td>
</tr>
</tbody>
</table>

8. **PROCEEDINGS** - If you answer “YES” to any item in Question 8, you must provide complete details in an attachment.

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. <strong>CURRENT PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY ORGANIZATION.</strong> Are you now, in any jurisdiction, the subject of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) a notice of hearing or similar notice issued by an SRA?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) a proceeding or to your knowledge, under investigation, by an exchange or other self regulatory organization?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii) settlement discussions or negotiations for settlement of any nature or kind whatsoever with an SRA or any self regulatory organization?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### B. PRIOR PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY ORGANIZATION

Have you ever:

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) been reprimanded, suspended, fined, been the subject of an administrative penalty, or otherwise been the subject of any disciplinary proceedings of any kind whatsoever, in any jurisdiction, by an SRA or self regulatory organization?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) had a registration or licence for the trading of securities, exchange or commodity futures contracts, real estate, insurance or mutual fund products cancelled, refused, restricted or suspended?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii) been prohibited or disqualified under securities, corporate or any other legislation from acting as a director or officer of a reporting issuer?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iv) had a cease trading or similar order issued against you or an order issued against you that denied you the right to use any statutory prospectus or registration exemption?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(v) had any other proceeding of any nature or kind taken against you?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### C. SETTLEMENT AGREEMENT(S)

Have you ever entered into a settlement agreement with a SRA, self regulatory organization, attorney general or comparable official or body, in any jurisdiction, in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct, or any other settlement agreement with respect to any other violation of securities legislation or the rules of any self regulatory organization?

### D. TO THE BEST OF YOUR KNOWLEDGE, ARE YOU NOW OR HAVE YOU EVER BEEN A DIRECTOR, OFFICER, PROMOTER, INSIDER, OR CONTROL PERSON OF AN ISSUER AT THE TIME OF SUCH EVENT, IN ANY JURISDICTION, FOR WHICH A SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY ORGANIZATION HAS:

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) refused, restricted, suspended or cancelled the registration or licensing of an issuer to trade securities, exchange or commodity futures contracts, or to sell or trade real estate, insurance or mutual fund products?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) issued a cease trade or similar order or imposed an administrative penalty of any nature or kind whatsoever against the issuer, other than an order for failure to file financial statements that was revoked within 30 days of its issuance?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii) refused a receipt for a prospectus or other offering document, denied any application for listing or quotation or any other similar application, or issued an order that denied the issuer the right to use any statutory prospectus or registration exemptions?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iv) issued a notice of hearing, notice as to a proceeding or similar notice against the issuer?</td>
<td></td>
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</tr>
<tr>
<td>(v) taken any other proceeding of any nature or kind against the issuer, including a trading halt, suspension or delisting of the issuer (other than in the normal course for proper dissemination of information, pursuant to a Reverse Take-Over, Backdoor Listing or similar transaction)?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vi) entered into a settlement agreement with the issuer in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct by the issuer, or involved in any other violation of securities legislation or a self regulatory organization’s rules?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
9. CIVIL PROCEEDINGS  - If you answer “YES” to any item in Question 9, you must provide complete details in an attachment.

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>

### A. JUDGMENT, GARNISHMENT AND INJUNCTIONS

- Has a court in any jurisdiction:
  - rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against you in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?
  - rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against an issuer, for which you are currently or have ever been a director, officer, promoter, insider or control person, in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?

### B. CURRENT CLAIMS

- Are you now subject, in any jurisdiction, of a claim that is based in whole or in part on actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?
  - To the best of your knowledge, are you currently or have you ever been a director, officer, promoter, insider or control person of an issuer now subject, in any jurisdiction, of a claim that is based in whole or in part on actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?

### C. SETTLEMENT AGREEMENT

- Have you ever entered into a settlement agreement, in any jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?
  - To the best of your knowledge, are you currently or have you ever been a director, officer, promoter, insider or control person of an issuer that has entered into a settlement agreement, in any jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?
STATUTORY DECLARATION

I, hereby solemnly declare that:

(a) I have read and understood the questions, cautions, acknowledgement and consent in this PIF, and the answers I have given to the questions in this PIF and in any attachments to it are true and correct, except where stated to be to the best of my knowledge, in which case I believe the answers to be true;

(b) I have read and understand the Personal Information Collection Policy of the Exchange attached hereto as Exhibit 2 (the "PIF Collection Policy");

(c) I consent to the collection, use and disclosure of the information in this PIF and any further personal information collected, used and disclosed as set out in the PIF Collection Policy;

(d) I hereby agree to (i) submit to the jurisdiction of the Exchange and to Market Regulation Services Inc. and any successor or assignee of either of them, and wherever applicable, the directors and committees thereof, and (ii) be bound by and comply with all applicable rules, policies, rulings and regulations of the Exchange (collectively, the "Exchange Requirements");

(e) I agree that any acceptance, approval or other right granted by the Exchange may be revoked, terminated or suspended at any time in accordance with the then applicable Exchange Requirements. In the event of any revocation, termination or suspension, I agree to immediately terminate my association or involvement with any issuer to the extent required by the Exchange. I agree not to resume my association or involvement, except with the prior written approval of the Exchange;

(f) This declaration and the rights and powers of the Exchange pursuant to the Exchange Requirements shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to conflict of law principles;

(g) I acknowledge and agree that this declaration may be assigned or transferred by the Exchange to any person without providing me with notice or obtaining my consent and that this declaration shall thereafter continue to be binding on me and may be enforced against me by any such assignee or transferee. I understand that I am prohibited from transferring or assigning this declaration or any acceptance, approval or other right granted by the Exchange;

(h) I understand that where I am providing this form to a SRA, I am under the jurisdiction of the SRA to which I submit this form, and it is a breach of securities legislation to provide false or misleading information to the SRA;

(i) I make this solemn declaration conscientiously believing it to be true and knowing it is of the same legal force and effect as if made under oath and under the Canada Evidence Act.

Signature of Person Completing this Form

DECLARED before me at the City ______________ in the Province (or State) of ______________

this __________ day of __________, __________.

(Province or State) (Day) (Month) (Year)

Signature of Notary Public

Seal or Stamp of Notary Public

My Appointment Expires:

*Note: THIS PIF MUST BE DECLARED BEFORE A PERSON WHO IS A NOTARY PUBLIC IN AND FOR THE JURISDICTION IN WHICH IT IS DECLARED UNLESS THAT JURISDICTION DOES NOT HAVE NOTARY PUBLICS, IN WHICH CASE THIS PIF MUST BE DECLARED BEFORE A LAWYER IN THAT JURISDICTION, OR OTHER PERSON THAT SATISFIES THE REQUIREMENTS SET OUT IN THE CANADA EVIDENCE ACT.

¶1450-301 © 2004, CCH Canadian Limited
**EXHIBIT 1: CONSENT FOR DISCLOSURE OF CRIMINAL RECORD INFORMATION**

**PURPOSE:** Criminal records are scrutinized by market regulators when conducting background checks, verifying the information the Subject has provided, conducting investigations and enforcement proceedings, and performing other investigations as required to ensure compliance with the various regulations, statutes, rules, by-laws and policies governing the conduct and integrity of the capital markets and trading activity taking place therein.

<table>
<thead>
<tr>
<th>Surname</th>
<th>Given Name</th>
<th>Middle Name(s)</th>
<th>Date of Birth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maiden Name or Other Names used (if applicable)(all legal names in lifetime)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Male</td>
<td>x</td>
</tr>
<tr>
<td>Female</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Mailing Address (number, street, apt, lot, concession, township, rural route #, city, postal code)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driver's License Number</td>
</tr>
</tbody>
</table>

**CONSENT** This consent is given pursuant to all applicable information and privacy statutes. As evidenced by my signature below, I, the undersigned, hereby acknowledge and provide my express consent to the disclosure by the Ontario Provincial Police (OPP) of records of criminal code convictions for which a pardon has not been granted, records of discharges which have not been removed from the CPIC system in accordance with the Criminal Records Act, and records of outstanding charges which the OPP is aware, to the entities listed below (referred to as "the market regulators") and to the collection, use, disclosure and retention of the OPP-provided information by any one of those market regulators to the other market regulators listed, for the purposes and in the manner set out in this form. This consent relates to Market Regulation Services Inc.; the entities which have retained Market Regulation Services Inc. as their regulation services provider and their authorized personnel; self-regulatory organizations; securities commissions; governmental agencies undertaking criminal or investigative functions; organizations in which any of these are members, affiliates, participants or have a similar capacity; entities which have entered into an agreement with Market Regulation Services Inc. related to the co-ordination or monitoring and enforcement of rules governing the trading of securities on a marketplace in Canada or a market in any other jurisdiction and each of the subsidiaries, affiliates, regulators and authorized agents of any person or entity described herein.

The information will be retained by the market regulators in their databases in a secure environment and is updated from time to time. The market regulators collect, use, disclose and retain the OPP-provided information and allow its use by other market regulators only for purposes set out above or as required by law. Employees of the market regulators who have access to your information are made aware of how to keep it confidential.

**FINGERPRINT VERIFICATION**

If I deny a criminal record, I may present myself to the appropriate police agency in my jurisdiction for fingerprint verification, as the person with a record will have had fingerprints taken. No other defence is accorded me.

**RELEASE**

I hereby release and forever discharge Her Majesty the Queen in right of Ontario, the Commissioner of the Ontario Provincial Police and Market Regulation Services Inc. and any or all of their respective members, directors, officers, employees, servants, and agents, including their successors and assigns, from any and all actions, claims and demands for damages, loss or injury howsoever arising which may hereafter be sustained by myself as a result of the disclosure of information by the OPP to Market Regulation Services Inc. or the disclosure by Market Regulation Services Inc. to a market regulator as defined.

Subject Signature: __________________________ Date: __________}

**INFORMATION CONTACT FOR QUESTIONS PERTAINING TO THE COMPLETION OF EXHIBIT 1:**

Name: James Manderville  PHONE#: 416-646-7233
Organization: Market Regulation Services Inc.  FAX#: 416-646-7259
EXHIBIT 2: PIF PERSONAL INFORMATION COLLECTION POLICY

Collection, Use and Disclosure

TSX Inc. and its affiliates, authorized agents, subsidiaries and divisions, including the Toronto Stock Exchange (collectively referred to as “TSX”) collect the information (which may include personal, confidential, non-public, criminal or other information) in the Personal Information Form and in other forms that are submitted by you and/or by the Issuer or an entity applying to be an Issuer and use it for the following purposes (the “object of the file”):

- to conduct background checks,
- to verify the information that has been provided about you,
- to consider your suitability to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of an entity applying to be an Issuer or an Issuer,
- to consider the eligibility of an applicant to be an Issuer,
- to detect and prevent fraud,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with the Exchange Requirements, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, TSX also collects additional information about you from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The information TSX collects about you may also be disclosed to these agencies and organizations or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above.

TSX may from time to time use third parties to process information and/or provide other administrative services. In this regard, we may share the information with our carefully selected service providers.

If you fail to accurately complete the PIF or to consent to this PIF Collection Policy, we may (i) refuse to allow you to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant of an Issuer, (ii) refuse to allow an applicant to be listed as an Issuer, and/or (iii) refuse to accept a transaction proposed by an Issuer.

Security

The personal information that is retained by TSX is kept in a secure environment and is updated from time to time. Only those employees of TSX who require access to your information in order to accomplish the purposes identified above, will be given access to your file. Employees of TSX who have access to your information are made aware of how to keep it confidential.

Accuracy

Information about you maintained by TSX that is identified by you as inaccurate or obsolete will be replaced or removed, as applicable.

Questions

If you wish to consult your file or make corrections to it or if you have any questions or enquiries with respect to the privacy principles outlined above or about our practices, please send a written request to: Chief Privacy Officer, TSX Group, The Exchange Tower, 130 King Street West, Toronto, Canada, M5X 1J2.
EXHIBIT 3: Notice of Collection, Use and Disclosure of Personal Information by Securities Regulatory Authorities

The Alberta and British Columbia Securities Commissions (the “Commissions”) collect the personal information in the Personal Information Form and use it in the administration and enforcement of the securities legislation in Alberta and British Columbia governing the conduct and protection of the public markets in Canada (the “provincial securities legislation”). The Commissions do not make any of the information provided in the PIF public under provincial securities legislation.

By submitting this information you consent to the collection by the Commissions of the personal information provided in the PIF, and any other records and information about you from any other source, including, but not limited to, police records, information from other government or non-governmental regulatory authorities, self-regulatory organizations, exchanges, quotation and trade reporting systems, law enforcement agencies, private bodies, agencies, individuals, corporations, and other organizations in any jurisdictions, credit records and employment records as may be necessary for the Commissions to carry out their duties and exercise their powers under provincial securities legislation.

You understand that in carrying out those duties and exercising those powers, the Commissions will use the information in the PIF, and any other information about you from any other source, including those listed above, to conduct background checks, verify the information you have provided, perform investigations and conduct enforcement proceedings as required by and to ensure compliance with provincial securities legislation.

You also understand that the information the Commissions collect about you may also be disclosed to the sources listed above, as permitted by law, and those entities may use it in their own investigations for the purposes described above. The Commissions may also use a third party to process information, but when this happens, the third party will be carefully selected and obligated to comply with the limited use restrictions described above and with provincial and federal privacy legislation.

Warning: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Questions
If you have any questions about the collection, use, and disclosure of the information you provide to the Commissions, you may contact the Commissions in the jurisdiction in which the required information is filed, at the address or telephone number listed below.

Information Officer
British Columbia Securities Commission
Telephone: (604) 899-6854
E-mail: inquiries@bcsc.bc.ca

Information Officer
Alberta Securities Commission
Telephone: (403) 297-6454
E-mail: inquiries@seccom.ab.ca
DECADEATION

This Declaration Form (the "Declaration") is to be completed only if (i) the individual has submitted a Personal Information Form to the Toronto Stock Exchange, a division of TSX Inc. (referred to as the "Exchange") or the TSX Venture Exchange within 12 months preceding the signing of this Declaration and (ii) the information disclosed in that Personal Information Form has not changed. In all cases, Exhibit 1 - Consent for Disclosure of Criminal Record Information, must be completed.

Individual's Name (Please Print)

STATUTORY DECLARATION

I, hereby solemnly declare that:

(a) The information contained in the Personal Information Form that was submitted to the Exchange or TSX Venture Exchange with respect to [legal name of Issuer] (the "Issuer") on [date of PIF] (the "PIF") and any attachments to it, continues to be true and correct, except where stated in the PIF to be to the best of my knowledge, in which case I continue to believe the answers to be true;

(b) I have read the PIF Personal Information Collection Policy of the Exchange attached hereto as Exhibit 2 (the "PIF Collection Policy");

(c) I consent to the collection, use and disclosure of the information in the PIF, and any further information collected, used and disclosed, as set out in the PIF Collection Policy;

(d) I hereby agree to (i) submit to the jurisdiction of the Exchange and to Market Regulation Services Inc. and any successor or assignee of either of them, and wherever applicable, the directors and committees thereof, and (ii) be bound by and comply with all applicable rules, policies, rulings and regulations of the Exchange (collectively, the "Exchange Requirements");

(e) I agree that any acceptance, approval or other right granted by the Exchange may be revoked, terminated or suspended at any time in accordance with the then applicable Exchange Requirements. In the event of any revocation, termination or suspension, I agree to immediately terminate my association or involvement with any issuer to the extent required by the Exchange. I agree not to resume my association or involvement, except with the prior written approval of the Exchange;

(f) This declaration and the rights and powers of the Exchange pursuant to the Exchange Requirements shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to conflict of law principles;

(g) I acknowledge and agree that this declaration may be assigned or transferred by the Exchange to any person without providing me with notice or obtaining my consent and that this declaration shall thereafter continue to be binding on me and may be enforced against me by any such assignee or transferee. I understand that I am prohibited from transferring or assigning this declaration or any acceptance, approval or other right granted by the Exchange;

(h) I understand that where I am providing this form to a SRA, I am under the jurisdiction of the SRA to which I submit this form, and it is a breach of securities legislation to provide false or misleading information to the SRA;
Appendix H

1719-7

(i) I make this solemn declaration conscientiously believing it to be true and knowing it is of the same legal force and effect as if made under oath and under the Canada Evidence Act.

____________________________________
Signature of Person Completing this Form

DECLARED before me at the ________________________________ (City/Town) in the Province (or State) of ________________________________ this ______ day of ______, ______.

(Province or State) ______ (Day) ______ (Month) ______ (Year) ______

____________________________________
Signature of Notary Public

Seal or Stamp of Notary Public

My Appointment Expires:

*Note: THIS DECLARATION MUST BE DECLARED BEFORE A PERSON WHO IS A NOTARY PUBLIC IN AND FOR THE JURISDICTION IN WHICH IT IS DECLARED UNLESS THAT JURISDICTION DOES NOT HAVE NOTARIES PUBLIC, IN WHICH CASE THIS DECLARATION MUST BE DECLARED BEFORE A LAWYER IN THAT JURISDICTION, OR OTHER PERSON THAT SATISFIES THE REQUIREMENTS SET OUT IN THE CANADA EVIDENCE ACT.

TSX Company Manual ¶1450-301
EXHIBIT 1: CONSENT FOR DISCLOSURE OF CRIMINAL RECORD INFORMATION

PURPOSE: Criminal records are scrutinized by market regulators when conducting background checks, verifying the information the Subject has provided, conducting investigations and enforcement proceedings, and performing other investigations as required to ensure compliance with the various regulations, statutes, rules, by-laws and policies governing the conduct and integrity of the capital markets and trading activity taking place therein.

<table>
<thead>
<tr>
<th>Surname</th>
<th>Given Name</th>
<th>Middle Name(s)</th>
<th>Date of birth</th>
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<td></td>
<td></td>
<td>yyyy Mm Dd</td>
</tr>
</tbody>
</table>

Maiden Name or Other Names used (if applicable)(all legal names in lifetime)

| Current Mailing Address (number, street, apt, lot, concession, township, rural route, city, postal code) |

| Driver’s License Number |

| Occupation |

CONSENT This consent is given pursuant to all applicable information and privacy statutes.

As evidenced by my signature below, I, the undersigned, hereby acknowledge and provide my express consent to the disclosure by the Ontario Provincial Police (OPP) of records of criminal code convictions for which a pardon has not been granted, records of discharges which have not been removed from the CPIC system in accordance with the Criminal Records Act, and records of outstanding charges which the OPP is aware, to the entities listed below (referred to as “the market regulators”) and to the collection, use, disclosure and retention of the OPP-provided information by any one of those market regulators to the other market regulators listed, for the purposes and in the manner set out in this form. This consent relates to Market Regulation Services Inc.; the entities which have retained Market Regulation Services Inc. as their regulation services provider and their authorized personnel; self-regulatory organizations; securities commissions; governmental agencies undertaking criminal or investigative functions; organizations in which any of these are members, affiliates, participants or have a similar capacity; entities which have entered into an agreement with Market Regulation Services Inc. related to the co-ordination or monitoring and enforcement of rules governing the trading of securities on a marketplace in Canada or a market in any other jurisdiction and each of the subsidiaries, affiliates, regulators and authorized agents of any person or entity described herein.

The information will be retained by the market regulators in their databases in a secure environment and is updated from time to time. The market regulators collect, use, disclose and retain the OPP-provided information and allow its use by other market regulators only for purposes set out above or as required by law. Employees of the market regulators who have access to your information are made aware of how to keep it confidential.

FINGERPRINT VERIFICATION

If I deny a criminal record, I may present myself to the appropriate police agency in my jurisdiction for fingerprint verification, as the person with a record will have had fingerprints taken. No other defence is accorded me.

RELEASE

I hereby release and forever discharge Her Majesty the Queen in right of Ontario, the Commissioner of the Ontario Provincial Police and Market Regulation Services Inc. and any or all of their respective members, directors, officers, employees, servants, and agents, including their successors and assigns, from any and all actions, claims and demands for damages, loss or injury howsoever arising which may hereafter be sustained by myself as a result of the disclosure of information by the OPP to Market Regulation Services Inc. or the disclosure by Market Regulation Services Inc. to a market regulator as defined.

__________________________________________________________________________________
Subject Signature: ___________________________ Date: ___________________________

INFORMATION CONTACT FOR QUESTIONS PERTAINING TO THE COMPLETION OF EXHIBIT 1:

Name: James Manderville
Organization: Market Regulation Services Inc.
PHONES: 416-646-7233
FAX#: 416-646-7259
EXHIBIT 2: PIF PERSONAL INFORMATION COLLECTION POLICY

Collection, Use and Disclosure

TSX Inc. and its affiliates, authorized agents, subsidiaries and divisions, including the Toronto Stock Exchange (collectively referred to as “TSX”) collect the information (which may include personal, confidential, non-public, criminal or other information) in the Personal Information Form and in other forms that are submitted by you and/or by the Issuer or an entity applying to be an Issuer and use it for the following purposes (the “object of the file”):

- to conduct background checks,
- to verify the information that has been provided about you,
- to consider your suitability to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of an entity applying to be an Issuer or an Issuer,
- to consider the eligibility of an applicant to be an Issuer,
- to detect and prevent fraud,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with the Exchange Requirements, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, TSX also collects additional information about you from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The information TSX collects about you may also be disclosed to these agencies and organizations or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above.

TSX may from time to time use third parties to process information and/or provide other administrative services. In this regard, we may share the information with our carefully selected service providers.

If you fail to accurately complete the PIF or to consent to this PIF Collection Policy, we may (i) refuse to allow you to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant of an Issuer, (ii) refuse to allow an applicant to be listed as an Issuer, and/or (iii) refuse to accept a transaction proposed by an Issuer.

Security

The personal information that is retained by TSX is kept in a secure environment and is updated from time to time. Only those employees of TSX who require access to your information in order to accomplish the purposes identified above, will be given access to your file. Employees of TSX who have access to your information are made aware of how to keep it confidential.

Accuracy

Information about you maintained by TSX that is identified by you as inaccurate or obsolete will be replaced or removed, as applicable.

Questions

If you wish to consult your file or make corrections to it or if you have any questions or enquiries with respect to the privacy principles outlined above or about our practices, please send a written request to: Chief Privacy Officer, TSX Group, The Exchange Tower, 130 King Street West, Toronto, Canada, M5X 1J2.

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FORM: 5 | DIVIDEND / DISTRIBUTION DECLARATION

WHEN TO FILE: As soon as possible after the declaration of the dividend and at least 7 trading days prior to
the dividend record date.

HOW: Via fax to 416-947-4547 or via email to advisoryaffairs@tsx.com

QUESTIONS: Call 416-947-4663

NOTE: If the dividend being declared is a stock dividend of treasury shares of the Company (or of
other securities that are convertible into treasury shares of the Company), the Company must
also comply with the requirements in the TSX Company Manual under the headings "Stock
Dividends" and "Additional Listings".
Appendix H

DIVIDEND / DISTRIBUTION DECLARATION

DATE OF DECLARATION

DD MM YYYY

Type of Security and Stock Symbol on which Dividend / Distribution declared

Amount of Dividend / Distribution per share (if special dividend, stock dividend, or dividend in foreign currency, please give details)

PAYABLE DATE

DD MM YYYY

RECORD DATE

DD MM YYYY

NOTE: Upon receipt of this Form, the TSX will determine the ex-dividend date.

Filed on behalf of the Company by:

(please print name and direct phone or email)

NAME

PHONE / EMAIL

DATE
FORM 6   DISTRIBUTION OF SECURITIES (PUBLIC FLOAT)

WHEN TO FILE: Due within 10 days following the mailing of the Information Circular regarding the Company’s Annual Meeting. If the Company is exempt from holding an Annual Meeting, the Company must file a completed Form 6 within 10 days after the mailing or filing of the Company’s annual financial statements.

HOW: For Companies Reporting to the Toronto TSX Office:

Via fax to 416-947-4547 or via email to advisoryaffairs@tsx.com

For Companies Reporting to the Montreal TSX Office:

Via fax to 514-788-2421 or via email to advisoryaffairs@tsx.com

QUESTIONS: For Companies Reporting to the Toronto TSX Office:

Call 416-947-4533 or email advisoryaffairs@tsx.com

For Companies Reporting to the Montreal TSX Office:

Call 514-788-2451 or email advisoryaffairs@tsx.com

NOTE: Provide the information requested in this Form for each class of the Company’s listed securities as described in the Company’s most recent Information Circular. If the Company is exempt from the requirements to hold an Annual Meeting and to provide a related Information Circular to shareholders, the information to be entered in this Form must be as at the date of the Company’s fiscal year end.
## DISTRIBUTION OF SECURITIES

<table>
<thead>
<tr>
<th>Class of Securities Listed</th>
<th>Number of securities issued and outstanding*</th>
<th>Number of freely tradable securities held by the public**</th>
<th>Number of public securityholders holding freely tradable securities</th>
</tr>
</thead>
<tbody>
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</table>

* NOTE: If any of the Company’s securities of a listed class are held by the Company itself or by any subsidiary of the Company (which securities are herein referred to as “internally-held securities”), such internally-held securities must not be counted as “issued and outstanding”. Internally-held securities may result from the Company not cancelling shares acquired pursuant to an issuer bid or as a consequence of a subsidiary of the Company retaining or obtaining shares of the Company through a merger, amalgamation, arrangement or reorganization involving the Company.

** NOTE: The following securities should be excluded in calculating the number of securities held by public securityholders:

- those held by directors and officers of the Company;
- those, which to the knowledge of the Company, are held by any person or company that beneficially owns or controls, directly or indirectly, securities carrying more than 10% of the votes attached to all of the outstanding securities of the Company; and
- those, which to the knowledge of the Company, are pooled, escrowed or non-transferable.

Securities registered in the name of a clearing agency, such as the Canadian Depository for Securities should be assumed to be held by public securityholders unless the Company has knowledge to the contrary.

---

Filed on behalf of the Company by:
(please print name and direct phone or email)

NAME

PHONE / EMAIL

DATE
Appendix H

FORM:7 | MINING COMPANY / OIL & GAS COMPANY REPORT

WHEN TO FILE: Every Company that is engaged in the business of mineral exploration, development or production or in the business of oil and/or gas exploration, development or production must complete the relevant parts of the Form and file same within 140 days of the Company's fiscal year-end.

HOW: For Companies Reporting to the Toronto TSX Office:
     Via fax to 416-947-4547 or email to advisoryaffairs@tsx.com

For Companies Reporting to the Montreal TSX Office:
     Via fax to 514-788-2421 or email to advisoryaffairs@tsx.com

QUESTIONS: For Companies Reporting to the Toronto TSX Office:
     Call 416-947-4533 or email advisoryaffairs@tsx.com

For Companies Reporting to the Montreal TSX Office:
     Call 514-788-2451 or email advisoryaffairs@tsx.com

NOTE: Information reported in this Form will be kept by the Exchange on a confidential basis. Attach additional sheets as required to provide the requested information.
MINING COMPANY / OIL & GAS COMPANY REPORT

Describe the main commodities sought or produced in the Company's operations (e.g., gold, zinc, oil, gas, etc.).

Identify those directors or senior officers of the Company who provide technical expertise* to the Company's board or management in regard to the Company's resource exploration and/or development activities.

*NOTE: A director or officer with technical expertise may include (i) a mining engineer, geologist, or geoscientist with exploration and/or mining experience relevant to the Company's operations, or (ii) a person who has a significant background in the resource industry with broad-based knowledge of the sector, and in either case, who draws upon such professional training or relevant industry experience to provide advice to the Company's board or management.

State the Company's revenues from the sale of resource-based commodities generated from ongoing operations in the most recent fiscal year:
**MINING COMPANY / OIL & GAS COMPANY REPORT**

Companies with revenues of at least $10,000,000 from the sale of resource-based commodities generated from ongoing operations in the most recent fiscal year are **NOT** required to complete the following sections of this Form.

State the expenditures (expressed in Canadian dollars unless otherwise identified below) made by the company or its joint venture partners on the Company’s significant properties during the 12 months ended at the Company’s most recent fiscal year-end, under the following headings:

<table>
<thead>
<tr>
<th>Property Name, Commodity, Country</th>
<th>Ownership Interest &amp; Nature of Interest**</th>
<th>Acquisition and Land Costs (cash &amp;/or shares)</th>
<th>Exploration Expenditures</th>
<th>Development Expenditures</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Property Name, Commodity, Country</th>
<th>Nature of Interest** &amp; Name of JV Partner</th>
<th>Acquisition &amp; Land Costs (cash &amp;/or shares)</th>
<th>Exploration Expenditures</th>
<th>Development Expenditures</th>
</tr>
</thead>
</table>

**Nature of Interest refers to the respondent’s current property ownership (e.g., JV, option to earn in X% with Y% earned to date).

Filed on behalf of the Company by:
(please print name and direct phone or email)

<table>
<thead>
<tr>
<th>NAME</th>
<th>PHONE / EMAIL</th>
<th>DATE</th>
</tr>
</thead>
</table>

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¶1450-301
FORM: 8 | CHANGE IN INVESTOR RELATIONS CONTACT

WHEN TO FILE: Within 10 days after the relevant change.

HOW: For Companies Reporting to the Toronto TSX Office:
 Via fax to 416-947-4547 or via email to advisoryaffairs@tsx.com

For Companies Reporting to the Montreal TSX Office:
 Via fax to 514-788-2421 or via email to advisoryaffairs@tsx.com

QUESTIONS: For Companies Reporting to the Toronto TSX Office:
 Email advisoryaffairs@tsx.com or contact the TSX Reporting Agent who is responsible for the Company (based on the first letter of the Company's name), as follows:

A–K  416-947-4538
L–Z  416-947-4616

For Companies Reporting to the Montreal TSX Office:
 Call 514-788-2451 or email advisoryaffairs@tsx.com regarding any questions about this Form or about the exempt / non-exempt status of the Company.
CHANGE IN INVESTOR RELATIONS CONTACT

PERSONAL INFO

CIVIL TITLE  SURNAME  FIRST NAME  MIDDLE NAME(S)
(e.g., mr., ms, mrs.)

TITLE

ADDRESS

STREET ADDRESS

CITY  PROVINCE / STATE

POSTAL / ZIP CODE  COUNTRY

PHONE       

FAX       

EMAIL

EFFECTIVE DATE OF APPOINTMENT

NOTE: This information will be displayed on your company profile on www.tsx.ca

Filed on behalf of the Company by:
(please print name and direct phone or email)

NAME

PHONE / EMAIL

DATE

TSX Company Manual

¶1450-301
Appendix H

FORM: 9
REQUEST FOR EXTENSION OR EXEMPTION FOR
FINANCIAL REPORTING / ANNUAL MEETING

WHEN TO FILE: As soon as possible before the relevant deadline prescribed in applicable securities legislation or in the TSX Company Manual for filing financial statements or holding the Annual Meeting in regard to which this Form is being filed.

HOW: For Companies Reporting to the Toronto TSX Office:
Via fax to 416-947-4547 or via email to advisoryaffairs@tsx.com

For Companies Reporting to the Montreal TSX Office:
Via fax to 514-788-2421 or via email to advisoryaffairs@tsx.com

QUESTIONS: For Companies Reporting to the Toronto TSX Office:
Call 416-947-4523 or email advisoryaffairs@tsx.com

For Companies Reporting to the Montreal TSX Office:
Call 514-788-2451 or email advisoryaffairs@tsx.com

NOTE: The TSX will consider a request for the extension of a deadline for filing any financial statements or an exemption from filing such documents only if the Company is actively pursuing a similar order for relief from the securities commission which is the principal regulator of the Company. Please attach to this Form a copy of all relevant Company correspondence with the appropriate securities commission(s).

If the Company has Exchangeable Shares listed, the Company must provide, in the “Reason for Exemption/Extension Request” portion of the Form, the name of its parent company. Such parent company must file with the TSX the financial statements prescribed in Part IV of the TSX Company Manual.
REQUEST FOR EXTENSION OR EXEMPTION FOR
FINANCIAL REPORTING / ANNUAL MEETING

Check the appropriate box(es) and fill in all other applicable information in the form for
TSX consideration.

1. FINANCIAL STATEMENTS
   - 1st quarter
   - 2nd quarter
   - 3rd quarter

2. ANNUAL FINANCIALS
   - Exemption
   - Extension

3. ANNUAL REPORT
   - Exemption
   - Extension

4. ANNUAL MEETING
   - Exemption
   - Extension

New filing / meeting date requested:

Reason for extension / exemption request:

Filed on behalf of the Company by:
(please print name and direct phone or email)

NAME

PHONE / EMAIL

DATE
Appendix H

FORM:10 CHANGE IN PRINCIPAL BUSINESS

WHEN TO FILE: Within 15 days after any change in the Company's principal business.

HOW:

For Companies Reporting to the Toronto TSX Office:
Via fax to 416-947-4547 or via email to advisoryaffairs@tsx.com

For Companies Reporting to the Montreal TSX Office:
Via fax to 514-788-2421 or via email to advisoryaffairs@tsx.com

QUESTIONS:
For Companies Reporting to the Toronto TSX Office:
Email advisoryaffairs@tsx.com or contact the TSX Reporting Agent who is responsible for the Company (based on the first letter of the Company's name), as follows:

A–K  416-947-4538
L–Z  416-947-4616
CHANGE IN NAICS (NORTH AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM) CODE

Provide the appropriate NAICS code(s) for the major sectors in which the Company operates. Statistics Canada makes available a list of NAICS codes in catalogue 12-501-XCB (CD-ROM) or 12-501-XPE (paper) and also provides a list of such codes free of charge on its web site. For more information, call Statistics Canada at 416.973.6586 or 800.263.1136 or visit www.statcan.ca/english/Subjects/Standard/manuals.htm.

<table>
<thead>
<tr>
<th>PRIMARY CODE (NEW)</th>
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<tbody>
<tr>
<td>SECONDARY CODE (NEW)</td>
</tr>
<tr>
<td>EFFECTIVE DATE OF CHANGE (NEW)</td>
</tr>
</tbody>
</table>

Filed on behalf of the Company by:
(please print name and direct phone or email)

NAME

PHONE / EMAIL

DATE
REQUEST FOR COMMENTS

CORPORATE GOVERNANCE POLICY — PROPOSED NEW DISCLOSURE REQUIREMENT AND AMENDED GUIDELINES

On March 26, 2002 the Board of Directors of the Toronto Stock Exchange (the “TSX”) approved amendments of the corporate governance disclosure guidelines (the “Amended Guidelines”) applicable to TSX listed issuers. These amendments are in response to recommendations contained in the final report of the Joint Committee on Corporate Governance published in November 2001.

The Amended Guidelines will be effective upon OSC approval following public notice and comment. Comments should be in writing and delivered by May 31, 2002 to:

Robert M. Fabes
Vice President, Advisory Affairs
Toronto Stock Exchange
The Exchange Tower
130 King Street West
Toronto, Ontario M5X 1J2
Fax: (416) 947-4547
Email: robert.fabes@tse.com

A copy should also be provided to the:

Manager
Market Regulation
Capital Markets
Ontario Securities Commission
20 Queen Street West
Toronto, Ontario M5H 3S8

Comments will be publicly available unless confidentiality is requested.

OVERVIEW

In July 2000, the Toronto Stock Exchange (the “TSX”), the TSX Venture Exchange and the Canadian Institute of Chartered Accountants mandated the Joint Committee on Corporate Governance (the “JCCG”) to review the state of corporate governance practices in Canada and recommend changes that will assure the ongoing development of Canadian corporate governance standards as among the best in the world. The JCCG tabled its preliminary report in March 2001 and, following extensive comments from various stakeholders, issued its final report in November 2001 (the “JCCG Report”).

SUMMARY

The JCCG Report contains 15 recommendations, the majority of which propose modifications to the existing TSX Corporate Governance Guide-

TSX Company Manual
the TSX compares favourably to those of NYSE, NASDAQ, ASX and LSE.

**TSX RESPONSE TO JCCG RECOMMENDATIONS**

The TSX response to the JCCG Recommendations is consistent with the TSX approach to corporate governance, which rests on the following principles:

- Each issuer must have the flexibility to develop its own approach to corporate governance.
- The role of the TSX is to provide a framework for issuers to disclose their corporate governance practices in order for the market to reward or sanction them.
- The development of a corporate governance culture goes beyond the Guidelines and requires a shared commitment and concentrated effort by boards, management and major institutional shareholders of every issuer.

The TSX has generally accepted all of the themes underlying the recommendations of the JCCG, with the exception of the independent board leader as a listing requirement. The TSX has adopted these themes by way of amending the Guidelines and the addition of practice notes to the Guidelines.

Two central recommendations of the JCCG were specifically addressed. First, the JCCG recommends in Recommendation 3 that the appointment of an independent board leader (IBL) be a condition of listing. The TSX recommended that each board appoint an IBL who would be the chair if the chair is not the CEO. The IBL would be responsible for ensuring the board actually carries out its responsibilities, e.g. assessing the effectiveness of the board. The theory behind this JCCG recommendation is that someone on the board should be made accountable for ensuring the board and its committees execute their governance responsibilities.

While agreeing with the general theme, the appointment of an IBL is not being made a condition of listing. The TSX's mandate in respect of corporate governance is to require disclosure of corporate governance systems rather than legislate corporate governance standards. As an alternative to the functioning of the board independently of management has been amended to clarify the obligation of the chair or lead director to ensure that the board, committee members and directors discharge their obligations under the corporation’s governance system.

Recommendation 8 of the JCCG requested that the TSX review and revise the definition of significant shareholder so that the intent of the existing guideline is met when a de facto control block exists that represents less than a majority of the voting shares. The definition of significant shareholder in Guideline 2 currently uses the bright line test of “a majority of the votes for the election of the board of directors”. This test was chosen intentionally to eliminate uncertainty and to avoid requiring the board to carry out an investigation to ascertain whether a particular shareholder can elect a majority of the directors. In addition, because the definition of “significant” or “controlling” shareholder proposed by the JCCG may vary from the definition under laws regulating certain industries, such a standard for corporate governance purposes could raise issues of consistency. After careful consideration, the standard contained in Guideline 2 remains unchanged.

Finally, the general acceptance in the marketplace of the current structure and language of the Guidelines was considered in amending the Guidelines.

**SPECIFIC CHANGES**

The Guidelines have been amended to:

1. Reflect the JCCG recommendations in four changes to the Guidelines:
   - the role of the board in adopting a strategic planning process;
   - the role of the chair or other director to ensure the board functions independently of management;
   - the introduction of financial literacy and accounting expertise requirements for audit committee members; and
   - to conform to current practice, reference to the executive committee has been deleted from Guideline 9.

2. Add “Practice Notes” to the Guidelines. These Practice Notes will provide useful guidance to issuers on corporate governance. This represents a practical way to support the underlying principles of several of the Recommendations. The Practice Notes will be beneficial to listed issuers and provide a strong foundation to the TSX’s annual review initiative detailed below.

3. Revise the disclosure requirements in the TSX Company Manual for greater clarity, primarily by integrating sections 473 and 475 and removing section 472. Over the years, the TSX has received many comments to the effect that the instructions found in Section 473 (Disco-
Requirement) and Section 475 (Complete Disclosure) were somewhat confusing. This measure will further clarify the existing obligation of each listed issuer to disclose its corporate governance system and, where its system differs from the Guidelines, to disclose the reasons for the difference.

4. Have the Guidelines apply to non-corporate issuers. The amended language in Section 473 (Disclosure Requirements) requires listed issuers which are not business corporations, such as trusts and partnerships, to disclose their governance systems with reference to the Guidelines to the extent the Guidelines are applicable to their form of organization.

The amended Guidelines, together with the relevant Practice Notes, and marked to show changes from the current Guidelines, are set out in Appendix A.

The TSX agrees with the JCCG that the development of good corporate governance is an ongoing process that is important to review periodically. Accordingly, the TSX has initiated a formal annual review of corporate governance disclosure practices of TSX listed issuers. The summary of such a review will be made available to listed issuers on an annual basis.

PUBLIC INTEREST ASSESSMENT

The proposed amendments to the Guidelines are more reflective of market and investor expectations of appropriate corporate governance practices. The amended Guidelines, with the addition of the Practice Notes, will facilitate issuer’s disclosure of their practices and assist them in meeting these expectations. Consequently, the TSX believes that these amendments are in the best interests of the capital markets of Ontario. Given the importance of corporate governance practices in today’s capital markets, the TSX believes that public comment on the amended Guidelines is warranted. As a result, the amendments to the Guidelines will therefore only become effective following public notice, a comment period and the approval of the OSC. It is anticipated that disclosure in accordance with the amended Guidelines will be mandatory for TSX issuers with a year-end on or after December 31, 2002.

BY ORDER OF THE BOARD OF DIRECTORS
LEONARD P. PETRILLO
VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY

TSX Company Manual
or information circular. The disclosure shall be made with reference to each of the guidelines set out in Section 473 and where the corporation’s system is different from any of the guidelines, each difference and the reason for the difference shall be clearly disclosed. Every listed company which is not a corporation shall also make full and complete disclosure of its system of governance on an annual basis in its annual filing. The disclosure shall be appropriate to the listed company’s form of business organization and shall, to the extent applicable, refer to the established guidelines set out in Section 473.

In addition to disclosures of its system of governance, every listed company shall disclose, in general terms, the operation of its system of governance.

Guidelines

Sec. 473

The following are the guidelines for effective corporate governance:

1. The board of directors of every corporation should explicitly assume responsibility for the stewardship of the corporation and, as part of the overall stewardship responsibility, should assume responsibility for the following matters:
   a. adoption of a strategic planning process and approval of a strategic plan which takes into account, among other things, the opportunities and risks of the business;
   b. the identification of the principal risks of the corporation’s business and ensuring the implementation of appropriate systems to manage these risks;
   c. succession planning, including appointing, training and monitoring senior management;
   d. a communication policy for the corporation; and
   e. the integrity of the corporation’s internal control and management information systems.

1. Practice Note: In order to help boards discharge appropriately their stewardship responsibility, boards should adopt a formal mandate setting out their responsibilities. Such mandates can also be used in conducting regular assessments of board effectiveness referred to in Guideline 5. In describing the responsibilities of the board, it would be appropriate for the corporation to describe:
   - the decisions requiring prior approval of the board;
   - measures for receiving shareholder feedback; and
   - the board’s expectations of management.

1.2 Practice Note: In assuming responsibility for the communication policy of the corporation, the board should ensure that the policy: (i) addresses how the corporation interacts with analysts and the public; (ii) contains measures for the corporation to avoid selective disclosure; and (iii) is reviewed annually.

2. The board of directors of every corporation should be constituted with a majority of individuals who qualify as unrelated directors. An unrelated director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding. A related director is a director who is not an unrelated director. If the corporation has a significant shareholder, in addition to a majority of unrelated directors, the board should include a number of directors who do not have interests in or relationships with either the corporation or the significant shareholder and which fairly reflects the investment in the corporation by shareholders other than the significant shareholder. A significant shareholder is a shareholder with the ability to exercise a majority of the votes for the election of the board of directors.

3. The application of the definition of “unrelated director” to the circumstances of each individual director should be the responsibility of the board which will be required to disclose on an annual basis whether the board has a majority of unrelated directors or, in the case of a corporation with a significant shareholder, whether the board is constituted with the appropriate number of directors which are not related to either the corporation or the significant shareholder. Management directors are related directors. The board will also be required to disclose on an annual basis the analysis of the application of the principles supporting this conclusion.

3.1 Practice Note: Relevant points of discussion in making this analysis include:
   - composition of the board;
11—8-02

Request for Comments

1805

- whether the board has a majority of unrelated directors and the basis of this analysis;
- if the corporation has a significant shareholder, whether the corporation satisfies the requirement for fairly reflecting the investment of minority shareholders in the corporation and the basis for this analysis.

(4) The board of directors of every corporation should appoint a committee of directors composed exclusively of outside, i.e., non-management directors, a majority of whom are unrelated directors, with the responsibility for proposing to the full board new nominees to the board and for assessing directors on an ongoing basis.

4.1 Practice Note: The full board should engage in a disciplined process to determine, in light of the opportunities and risks facing the corporation, what competencies, skills and personal qualities it should seek in new board members in order to add value to the corporation. The results of such a discussion provide a framework for the work of these directors charged with developing lists of candidates. Prospective candidates, once identified, can be approached by the chair of the board, the chair of the nominating committee or another director appointed by the board to be responsible for recruiting directors, with or without the CEO, to explore their interest in joining the board.

(5) Every board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.

5.1 Practice Note: In describing the process for assessing board, committee and director effectiveness, identify which director or committee of the board has responsibility for these assessments and how frequently these assessments are made.

(6) Every corporation, as an integral element of the process for appointing new directors, should provide an orientation and education program for new recruits to the board.

6.1 Practice Note: Boards should ensure that prospective candidates fully understand the role of the board, the role of the committees of the board and the contribution individual directors are expected to make, including in particular, the commitment of time and energy that the corporation expects of its directors.

(7) Every board of directors should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake, where appropriate, a program to establish a board size reduce the number of directors to a number which facilitates more effective decision-making.

(8) The board of directors should review the adequacy and form of the compensation of directors and ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director.

(9) Subject to guideline 13, the committee of the board of directors should generally be composed of outside directors, a majority of whom are unrelated directors, although some board committees, such as the executive committee, may include one or more inside directors.

(10) Every board of directors should expressly assume responsibility for, or assign to a committee of directors the general responsibility for, developing the corporation’s approach to governance issues. This committee would, amongst other things, be responsible for the corporation’s response to these governance guidelines.

(11) The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, including the definition of the limits to management’s responsibilities. In addition, the board should approve or develop the corporate objectives which the CEO is responsible for meeting and assess the CEO against these objectives.

11.1 Practice Note: The board or a committee of the board should assess the CEO, and if a committee conducts the assessment, the results should be reported to the board.

(12) Every board of directors should implement structures and procedures which have in place appropriate structures and procedures to ensure that the board can function independently of management. An appropriate structure would be to (i) appoint a chair of the board who is not a member of management with responsibility to ensure the board discharges its responsibilities or (ii) adopt alternative means, such as assigning this responsibility to a committee of the board or to an outside director, sometimes referred to as the “lead director”. Appropriate measures might include assigning this responsibility to a committee of the board or to an outside director, sometimes referred to as the “lead director”, sometimes referred to as the “lead director”.

12.1 Practice Note: Discuss board effectiveness, management of the board and liaison between the board and management in describing the mandates.
of the board, committees of the board and of the chair of the board. If the board does not have a chair separate from management, it is essential that the corporation discuss the structures and processes that are in place to facilitate the functioning of the board independently of management. In addition, to ensure the board carries out its responsibilities:

- the chair or lead director should ensure the board understands the boundaries between board and management responsibilities;
- prospective candidates should fully understand the role of the board and the contribution they are expected to make; and
- the board should address its responsibilities under the governance system.

(13) The audit committee of every board of directors should be composed only of unrelated outside directors. All of the members of the audit committee should be financially literate and at least one member should have accounting or related financial expertise. Each board shall determine the definition of and criteria for "financial literacy" and "accounting or related financial expertise". The board should adopt a charter for the audit committee which should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management’s responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.

13.1 Practice Note: An acceptable definition of "financial literacy" is the ability to read and understand a balance sheet, an income statement and a cash flow statement. An acceptable definition of "accounting or related financial expertise" is the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.

13.2 Practice Note: The audit committee charter should set out explicitly the role and responsibility of the audit committee with respect to:

- its relationship with and expectation of the internal auditor function;
- its oversight of internal control;
- disclosure of financial and related information; and
- any other matters that the audit committee feels are important to its mandate or that the board chooses to delegate to it.

The audit committee charter should specify that the external auditor is ultimately accountable to the board of directors and the audit committee as representatives of shareholders.

The board of directors should review and reassess the adequacy of the audit committee charter on an annual basis.

13.3 Practice Note The audit committee should discuss with the auditor the quality and not just the acceptability of the corporation’s accounting principles. The audit committee should implement structures and procedures to ensure that it meets the auditors on a regular basis in the absence of management.

(14) The board of directors should implement a system which enables an individual director to engage an outside adviser at the expense of the company in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.

Complete Disclosure

Sec. 475

The disclosure regarding a company’s system of corporate governance relative to each of the guidelines set out in Section 474 should be complete. While the disclosure regarding each guideline may be relatively brief, it should address at least the following points:

- an acceptable definition of "financial literacy" is the ability to read and understand a balance sheet, an income statement and a cash flow statement. An acceptable definition of "accounting or related financial expertise" is the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.

- the composition of the board, whether the board has a majority of unrelated directors and the basis for this analysis; if the company has a significant shareholder, whether the company satisfies the requirement for fairly reflecting the investment of minority shareholders in the corporation and the basis for this analysis.

- if the board does not have a chair separate from management, the structures and processes which are in place to facilitate the functioning of the board independently of management.


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● description of the board committees, their mandates and their activities;

● description of decisions requiring prior approval by the board;

● procedures in place for recruiting new directors and other performance-enhancing measures, such as assessment of board performance;

● measures for receiving shareholder feedback and measures for dealing with shareholder concerns, and

● the board's expectations of management.

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REQUEST FOR COMMENTS

AMENDMENTS TO PARTS V, VI AND VII OF THE TORONTO STOCK EXCHANGE COMPANY MANUAL IN RESPECT OF NON-EXEMPT ISSUERS, CHANGES IN STRUCTURE OF ISSUERS’ CAPITAL AND DELISTING PROCEDURES

On August 2, 2002 Toronto Stock Exchange (“TSX”) originally published for comment amendments (the “Original Amendments”) to Parts V, VI and VII of TSX Company Manual (the “Manual”). As a result of the comments received by TSX from the public and the Ontario Securities Commission (the “OSC”) since that time, substantive and technical changes have been made to the Original Amendments and the new amendments to the Manual (the “Amendments”) are therefore being republished for a 30 day comment period. The Amendments are intended to provide transparency to current standards and practices of TSX in respect of non-exempt issuers (Part V), changes in structure of issuers’ capital (Part VI) and delisting procedures (Part VII).

The Amendments will be effective upon approval by the OSC following public notice and comment. Comments should be in writing and delivered by February 13, 2004 to:

Robert M. Fabes
Senior Vice President
Toronto Stock Exchange
The Exchange Tower
130 King Street West
Toronto, Ontario M5X 1J2
Fax: (416) 947-4547
Email: robert.fabes@tsx.com

A copy should also be provided to the:

Manager
Market Regulation
Capital Markets
Ontario Securities Commission
20 Queen Street West
Toronto, Ontario M5H 3S8

Comments will be publicly available unless confidentiality is requested.

Overview

TSX is seeking comments on the Amendments. The Amendments are intended to provide listed issuers with a complete and transparent set of TSX standards and practices allowing issuers and investors, and their respective advisors, to have certainty when planning and completing transactions. TSX believes that this will result in more efficient, cost effective access to Canadian capital markets.

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The purpose of this Request for Comments and the Comparative Analysis table attached as Appendix A, is to provide the reader with the main themes of the Amendments. Specific questions are included under the heading “Principal Amendments” in order to draw attention to the primary themes of the Amendments. In addition, the Comparative Analysis table provides a summary overview of the principal amendments being proposed. Readers are encouraged to review the entirety of the text of the Amendments, attached as Appendix B, together with the material provided for in this Request for Comments, in order to gain a complete understanding of the Amendments.

Once finalized, the Amendments will constitute the entire body of TSX standards and practices in respect of non-exempt issuers (Part V), changes in structure of issuers’ capital (Part VI) and delisting procedures (Part VII). As new standards and practices develop, TSX will continue to publish these by way of notices to issuers and their advisors and updates to the Manual.

Background

Over the years, TSX has developed a body of standards and staff practices which has not always been published. Recognizing the importance of transparency, this review was undertaken with the goal of publishing a complete set of standards and practices for issuers, investors and their respective advisors.

In conducting its review, TSX compiled all written and unwritten standards and practices. We also completed a comparative analysis of standards and practices of other exchanges (TSX Venture, New York Stock Exchange, Nasdaq, London Stock Exchange and Australian Stock Exchange). A number of key stakeholders across Canada were consulted, including issuers, lawyers, institutional investors and shareholder rights groups.

Following its review and consultation with key stakeholders, TSX published for comment the Original Amendments on August 2, 2002. As a result of the original request for comments, nine written comment letters were received by TSX, as well as comments and discussions with the OSC. An additional nine letters were received by TSX in support of one of the comment letters submitted. A sum-
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mary of the comments received and the corresponding TSX responses is attached as Appendix C.

TSX gratefully acknowledges the time and effort of the commenters in providing their written comments. TSX also wishes to acknowledge Blake, Cassels & Graydon, LLP for their assistance in compiling background research material and providing analysis and recommendations for the Amendments.

Principal Amendments

A description and analysis of the principal amendments follows. In order to generate additional discussion and comment, TSX has indicated specific questions to be considered by readers. Certain proposed amendments which appeared in the Original Amendments have been highlighted in this Request for Comments as a result of significant public comment. Where the substantive provisions of the Amendments have not been changed since the Original Amendments and no significant public comments were received, no further questions have been posed. In addition, a number of new amendments which were not contained in the Original Amendments appear in at the end of this section (see Section 10. Additional Amendments).

Please note that attached as Appendix A is a Comparative Analysis in table form of the existing TSX standards and practices as compared with the principal amendments. Readers are encouraged to review this section together with the table and the full text of the Amendments in order to gain a complete understanding of the Amendments.

1. Discretion

Currently, TSX has the ability to exercise discretion in granting relief from certain provisions of the Manual or in imposing additional conditions on proposed transactions. While such discretion has been exercised consistently, TSX has not historically published the circumstances in which the exercise of such discretion occurs. Accordingly, proposed section 603 establishes that in exercising its discretion, TSX will consider the effect that the transaction may have on the quality of the TSX marketplace, based on factors which include the following:

(i) the involvement of insiders or other related parties of the listed issuer in the transaction or the negotiation of the transaction;

(ii) the material effect on control of the listed issuer;

(iii) the listed issuer’s corporate governance practices;

(iv) the listed issuer’s disclosure practices;

(v) the size of the transaction relative to the liquidity of the issuer; and

(vi) an order of a court or similar administrative regulatory body that has considered the security holders’ interests.

Proposed Section 603 has been amended for the addition of items (v) and (vi) above and the correction of a typographical error. Otherwise, Section 603 has not been amended from the Original Amendments. Reference is made to Sections A1, B1, E1 and F1 in Appendix C — TSX Response to Public Comments. Some commenters proposed certain additional factors, pursuant to which subclauses (v) and (vi) were added. Certain other proposed factors are included in different specific exemptive relief provisions, such as the financial hardship exemption.

2. Definitions

A number of terms are used in the Manual which do not currently have defined meanings. In order to ensure consistency in interpretation and application, TSX is proposing that certain key terms be properly defined. In particular, TSX is seeking specific comments on the following definitions.

a. Market price is proposed as meaning the VWAP (defined as the volume weighted average trading price of the listed securities, calculated by dividing the total value by the total volume of securities traded for the relevant period; where appropriate, TSX may exclude internal crosses and certain other special terms trades from the calculation) on TSX, or another stock exchange where the majority of the trading volume and value of the listed securities occurs, for the five trading days immediately preceding the relevant date. If the five day VWAP, in the opinion of TSX, does not accurately reflect the securities’ current market price, the VWAP may be for such shorter or longer period as TSX determines based on relevant factors including liquidity, trading activity immediately before, during or immediately after the relevant period or any material events, changes or announcements occurring immediately before, during or immediately after the relevant period.

Market price is to be determined as at the date (either the date of the binding agreement or some future date) provided for in the binding agreement obligating the issuer to issue the securities. TSX will accept a signed term sheet, engagement letter, letter of intent, agency agreement, underwriting agreement or other similar agreement as the binding agreement. If the listed securities are suspended from trading or have not traded on TSX or another stock exchange for an extended period of time, the market price will be the fair market value of the

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listed securities as determined by the listed issuer’s board of directors.

This definition allows issuers to have greater flexibility in structuring their transactions while at the same time reducing the possibility that the market price can be artificially manipulated. While the current procedure is for market price to be determined based on the closing price on the trading day prior to TSX’s receipt of notice of the proposed transaction (current section 619(b)), TSX currently allows such five day VWAP calculations on an as requested basis.

The proposed definition has been amended for the addition of the second last sentence and a minor amendment in the preceding sentence. Otherwise, the definition has not been amended from the Original Amendments. Reference is made to A2, C2, D1 and F2 in Appendix C — TSX Response to Public Comments. Several commenters were concerned about the uncertainty of the relevant date from which the market price would be calculated. In order to clarify the intended calculation, TSX would accept a signed term sheet, engagement letter, letter of intent, agency agreement underwriting agreement or other similar agreement as the binding agreement. The relevant date would be such future date as provided for in the agreement or if none is provided for and the subscription price has been fixed in the agreement, the relevant date shall be the date of the agreement.

Question 1: Consider whether the date of the signed term sheet, engagement letter, letter of intent, agency agreement underwriting agreement or other similar agreement, is an appropriate date from which to review the relevant market price, assuming a fixed subscription price is provided for within the agreement.

In addition, the definition of VWAP has been amended to exclude internal crosses and certain other special terms trades from the calculation, where appropriate. Some commenters were concerned about the availability of trading information necessary to calculate VWAP. Listed Issuers are provided with a password protected, internet based product (www.tsxedge.com) which provides issuers with the total value and total volume for the calculation of VWAP over a specified period of time.

b. Materially affect control is proposed as meaning 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. Such an 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 holding of more than 20% of the voting securities by one security holder or combination of security holders acting together will be considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances.

While this term is used throughout the Manual, there is no published direction as to how TSX applies this phrase. The proposed definition is meant to clarify current TSX practice and create efficiencies in structuring transactions.

TSX currently does not require security holder approval for transactions which materially affect control of an issuer unless the dilution of the transaction exceeds 25% of the capital of the issuer or involves participation of insiders of the issuer. TSX proposes that any transaction which materially affects control, independent of other factors, will require security holder approval.

This definition has not been amended from the Original Amendments. Reference is made to A3 and F3 in Appendix C — TSX Response to Public Comments. Commenters were concerned that the definition was too ambiguous and indicated that they would prefer a bright line test to determine whether a transaction materially affected control. TSX believes that a bright line test, while desirable in the context of certain rules, would not be workable in this instance given that each transaction presents a unique set of circumstances. In drafting the proposed definition, TSX continues to encourage issuers and their advisors to contact TSX staff during the planning stages of a transaction to discuss the application of TSX rules.

3. Non-exempt Issuers

Under Part V of the Manual, non-exempt issuers must pre-clear all material transactions with TSX. Historically, it is in those instances where a material transaction of a non-exempt issuer involves insiders, may materially affect control or is a transaction described in Part VI of the Manual that TSX imposes conditions on a proposed transaction.

Accordingly, TSX proposes revising Part V so that non-exempt issuers would continue to notify TSX of all material changes (proposed Section 501). TSX would only review those transactions involving insiders, materially affecting control or described in Part VI of the Manual.

Following the Original Amendments, changes were made to proposed Section 501(c) to include certain requirements for non-arm’s length transactions based on the consideration to be received by the non-arm’s length party and a percentage threshold of market capitalization of the listed issuer. If the value of the consideration to be
received by such party exceeds 2% of the market capitalization, the transaction must be approved by the board and the value of the consideration must be established by independent evidence. In addition, if the value of the consideration to be received by the non-arm's length party exceeds 10% of the market capitalization, a disinterested security holder approval will be required.

Question 2: Consider whether it is appropriate to require security holder approval for a transaction with a non-arm's length party where there is no issuance of securities and whether the 2%/10% threshold levels are appropriate?

Certain minor amendments have been made to Section 501 to clarify this section, otherwise, the section has not been amended from the Original Amendments. No comments were received with respect to Question 4 on Non-Exempt Issuers in the Request for Comments attached to the Original Amendments.

4. Private Placements, Acquisitions and Warrants

Over time, TSX has developed a number of standards and practices in respect of the issuance of share capital by issuers by way of private placement. TSX has had to respond to a variety of transactions, resulting in TSX adopting a number of standards and practices which historically have not been published. The Amendments address the principal changes to such standards and practices.

a. Dilutive transactions.

Currently, security holder approval is required for any transaction which may result in more than 25% of an issuer’s capital being issued or issuable in a six month period, calculated on a non-diluted basis (current section 620).

TSX proposes that, subject to TSX’s discretion to impose restrictions on transactions involving insiders or materially affecting control, transactions involving the issuance of shares priced at or above market price not be reviewed by TSX (proposed section 607(c)). These transactions are economically neutral to all security holders and do not require TSX review. Reducing the scope of review in these instances will allow for more efficient access to capital markets.

In addition, TSX proposes that the 25% threshold for transactions priced below market be calculated on a per transaction basis rather than over a six month period (proposed section 607(g)). Current market conditions require that issuers act quickly when presented with favourable financing opportunities. Accordingly, the proposed TSX practice will allow for more efficient marketplace access.

b. Pricing and Discounts.

TSX is not proposing to change allowable discounts to market price for private placements (current section 619(b)).

Currently, TSX does not permit private placements to be priced below the allowable discount in any circumstances. TSX is proposing that TSX security holders may approve a price per security which is below the stated discount (proposed section 607(e)).

Following the publication of the Original Amendments, an additional provision was added to proposed Section 607(e) to factor into subscription price any fees or other amounts payable by the issuer to the subscriber, where such fees are not commercially reasonable. This provision is consistent with the current unwritten practice of TSX. TSX recognizes that certain fees, which are commercially reasonable should not be factored into the subscription price.

Apart from the above noted addition, while minor technical amendments have been made to proposed Section 607. Otherwise the substance of the provision remains the same. Reference is made to A4, B2 and E3 in Appendix C — TSX Response to Public Comments. Commenters were generally supportive of the proposed amendments in this area.

c. Acquisitions.

TSX proposes to clarify the standards and practices in place for the use of listed securities in payment of the purchase price for assets (current sections 623 and 624; proposed section 611). The proposed sections reflect current practice and clarify that additional documentation will be required if the assets are purchased from an insider. In addition, the Amendments propose that security holder approval may be required if the total number of securities issued or issuable exceed 25% of the issuer’s capital. Following the publication of the Original Amendments, TSX subsequently eliminated the concept of measuring the issue price of securities to be issued or made issuable pursuant to an acquisition as a result of difficulties in assessing securities such as warrants and options. This approach is consistent with the current rules (current sections 623 and 624).

Proposed section 611 has been further amended to specifically include options issued in connection
with an acquisition or assumed by the issuer as part of the acquisition. Any securities made issuable will be assessed under the above noted 25% test with respect to the requirement for security holder approval. Accordingly, the relief previously provided for under the security based compensation arrangement provisions (proposed section 613(g) in the Original Amendments) have been eliminated. In addition, the previous distinction proposed for public versus private target acquisitions has been eliminated.

Question 3: Consider whether it is appropriate to accept options granted in connection with, or assumed under, an acquisition under the acquisition policies, rather than the security based compensation arrangement policies.

TSX has been concerned about avoidance of the 25% dilution test where part of the acquisition consideration was cash, funded by privately placed securities. As a result, TSX has developed a practice of aggregating securities issued or made issuable pursuant to a private placement with any securities issued or made issuable pursuant to an acquisition where the two transactions are contingent or otherwise linked. For example, if the consideration for an acquisition consists of shares and cash and the cash must be raised by way of private placement, TSX will review the issuance of the securities in the aggregate for the purposes of determining whether or not security holder approval will be required. This requirement is not currently codified in the Manual and was not contained in the Original Amendments. It has now been codified in the Amendments (proposed section 611(d)). A similar provision has been added to the requirements for backdoor listings for the purposes of determining whether a transaction constitutes a backdoor listing (proposed section 626(a)).

Question 4: Consider whether it is appropriate to aggregate private placement securities with securities issued or made issuable as consideration for an acquisition for the purposes of determining whether security holder approval is required.

Question 5: Consider whether it is appropriate to aggregate private placement securities with securities issued or made issuable as consideration for acquisitions for the purposes of determining whether a transaction constitutes a backdoor listing.

Other than the above noted change regarding the aggregation of certain private placement securities and certain other minor amendments, the substance of the provisions related to acquisitions remains the same. A statement of clarification has been added with respect to the determination of the price at which the securities are made issuable pursuant to an acquisition. Reference is made to A5, A25 and E4 in Appendix C — TSX Response to Public Comments. Commenters generally did not think it was necessary to require security holder approval for acquisitions which would result in a change of the nature of the business of the listed issuer. Some commenters were uncertain as to how the 25% dilution test would measure the issuance price of the consideration securities against the market price of the securities.

d. Warrants.

Currently, TSX has a prescribed set of requirements for warrants issued in a private placement (current section 622). Over time, as a result of requests from issuers, TSX has developed standards and practices in respect of warrants that historically have remained unpublished.

TSX proposes to continue to allow the granting of warrants in private placements. TSX will permit warrants to be exercisable at a price below market price, provided that security holder approval is obtained. All other conditions, such as number and term of warrants, are to be determined by the issuer (proposed section 608(a)). In addition, TSX proposes that warrants may be amended provided that disclosure of such amendments is made by way of press release 30 business days prior to the effective date of the change. Approval by security holders, other than those holding warrants proposed to be amended, will be required in respect of amendments to the terms of warrants held by insiders of the listed issuer. In addition, security holder approval will be required for any issuer proposing to amend a warrant exercise price to a price less than the then current market price.

Currently, TSX permits the cashless exercise of warrants based on the difference between current market price and the exercise price of the warrants. A new subsection 608(c) has been added to the Original Amendments to provide for a cashless exercise of warrants which is based on current market price and the exercise price of the warrants. While minor technical amendments have been made to the specific provisions related to warrants, the substance of the provisions remains the same. Reference is made to A7, B3 and F8 in Appendix C — TSX Response to Public Comments. Commenters were supportive of the proposed changes to the warrant requirements.

e. Participation of insiders.

The Manual states that TSX may impose additional conditions on non-arm’s length transactions (current section 609) and over time certain practices have developed as a result of the application of that provision. Practices limiting insider participation in private placements were implemented to ensure investor confidence and promote a quality marketplace.
TSX recognizes that insiders need not always be treated differently from other investors. Investor confidence and market quality can be realized by limiting insider participation rather than restricting the terms upon which insiders can participate in transactions.

Accordingly, TSX proposes to formally limit insider participation without security holder approval in transactions over the course of a six month period to the ability to receive, or be entitled to receive, 10% of the issuer’s capital, calculated on a non-diluted basis (proposed sections 607(g) and 611(b)). The proposal contemplates a disinterested security holder approval.

While minor amendments have been made to the specific provisions related to the participation of insiders in private placements, the substance of the provisions remains the same. Reference is made to B4, E4 and F9 in Appendix C—TSX Response to Public Comments. Commenters had mixed opinions about the appropriateness of the 10% threshold level for requiring shareholder approval. Commenters suggested matching the threshold level to the 25% market capitalization exemption found in OSC Rule 61-501. TSX has intentionally set a higher standard for its listed issuers for related party transactions. TSX continues to believe that it is important to public shareholders to have the opportunity to vote on any significant transaction with a related party and that a 25% market capitalization test is too high.

5. Security Based Compensation Arrangements

Current TSX standards and practice require security holder approval for security based compensation arrangements when certain factors, such as total securities issuable under all arrangements exceeding 10% of the issuer’s capital, exist (current section 629). The existence of additional factors, such as insider participation above 10% of the issuer’s capital, triggers the requirement for disinterested security holder approval (current section 630).

TSX proposes that generally all security based compensation arrangements be submitted to disinterested security holders for their approval, when instituted and every three years thereafter (proposed section 613(a)). These types of arrangements are sufficiently material and important to security holders so as to require their approval. Similar requirements are being proposed by other stock exchanges.

Security based compensation has become increasingly complex and important, varying from industry to industry. Based on this and on discussions with stakeholders, issuers, and ultimately their security holders, security holders rather than TSX (current section 633), are more appropriately positioned to determine the content of security based compensation arrangements. TSX proposes (proposed section 613(d)), however, to prescribe the disclosure to be provided to security holders when issuers seek security holder approval for such arrangements. Meaningful disclosure of the content of such arrangements is necessary for informed security holder approval.

Substantive and technical amendments have been made to proposed section 613 as a result of the public comments. Reference is made to A13, A26, A27, B5, F10, G1, G2, G3, G4, G5, H1, H2, H1, H2, I1 and J1 in Appendix C—TSX Response to Public Comments. As a result of the significant public comments received on these amendments, TSX has highlighted below a number of proposals which were contained in the Original Amendments, as well as a number of new proposals.

Currently, TSX requires a fixed maximum number of securities issuable under any security based compensation arrangements (current section 631). The Original Amendments proposed the removal of the requirement of a fixed maximum number, thereby permitting plans commonly known as “rolling maximum” or “evergreen” plans. Generally such plans would have a maximum number of securities available based on a percentage of the issuer’s capital, thereby providing for a “rolling” number of securities issuable under such a plan. Increasingly, issuers have requested TSX acceptance of such plans, particularly as competitors listed on US exchanges are not similarly restricted.

Question 6: Consider whether the requirement for a fixed maximum number of securities issuable under a security based compensation arrangement is necessary.

Subsequent to the publication of the Original Amendments, certain provisions (proposed section 613(a)) have been added to permit the adoption of an arrangement provided that security holder approve the adoption of the arrangement, without excluding eligible insiders. Provided that: (i) the securities available under an arrangement combined with all of the issuer’s other arrangements does not exceed 10% of the issued and outstanding securities; (ii) the unrelated board members recommend the adoption of the arrangement; and (iii) the issuer is included in the S&P/TSX Composite Index, TSX will require the approval of security holders, without the exclusion of insiders. Such arrangements will be subject to the three year shareholder renewal requirements.

Question 7: Consider whether it is appropriate to permit the adoption of any security based compensation arrangement without excluding insiders from the security holder approval.

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Question 8: Consider whether the conditions to permit the adoption of a security based compensation arrangement without excluding insiders from the security holder approval are appropriate, whether additional conditions should be added, whether the proposed conditions should be modified or whether some of the proposed conditions should be deleted.

Subsequent to the publication of the Original Amendments, TSX proposes (proposed section 613(a)) that when instituted and every three years thereafter, all security based compensation arrangements be approved by the issuers’ directors and disinterested security holders. In addition, TSX is proposing (proposed section 613(b)) that listed issuers be required to annually provide disclosure updating its security holders with respect to its security based compensation arrangements. This would entail providing details regarding any amendments made to any such arrangements and all other material terms of its security based compensation arrangements.

Question 9: Consider whether security holder approval should be required for security based compensation arrangements on a periodic basis and whether every three years is the appropriate time for such periodic approval. Specific consideration should be given to the fact that TSX is currently proposing the acceptance of “evergreen” security based compensation arrangements as highlighted above.

Under the current rules, TSX requires that in certain circumstances Restricted Securities (those securities which have a residual right to share in the earnings and assets upon liquidation or windup, other than those securities which carry a right to vote which is not less than any other security on a per security basis, see proposed section 624(b)(v) for the complete definition) vote with the holders of other classes of securities which otherwise carry greater voting rights based on their proportionate residual equity (current section 630). The Original Amendments proposed that for all security based compensation arrangements, holders of Restricted Securities would be entitled to vote with other security holders on the basis of their residual equity interest (proposed section 613(a)). Certain commenters were concerned about such an entitlement on the part of the holders of the Restricted Securities and the disenfranchisement of such rights on the part of the other security holders.

Question 10: Consider whether it is appropriate for holders of Restricted Securities to vote on security based compensation arrangements with other classes of security holder on the basis of their residual equity interest.

In the Original Amendments, TSX proposed that if security holders approved a security based compensation arrangement which provided the directors with the discretion to make material amendments to the arrangement or individual options (whether or not such options were held by insiders), specific security holder approval would not be required. If an arrangement did not provide for such discretion, material amendments to plans or options held by insiders would be subject to security holder approval. The current rules require that any material amendments to a plan or options held by an insider require specific disinterested security holder approval at a meeting (current section 632). As a result of the public comments generated from the Original Amendments, TSX now proposes to require specific disinterested security holder approval for any arrangement which would have the effect of reducing the exercise price or purchase price, or extending the original term of a security based compensation arrangement which benefits an insider (proposed section 613(i)(ii)).

Question 11: Consider whether specific security holder should be required for amendments which reduce the exercise price or purchase price or extend the term of a security based compensation arrangement and whether any other material amendments should be subject to specific security holder approval.

6. Charitable Options

TSX currently sets standards for the granting of options to registered charities (current sections 637.1 through 637.10). TSX recognizes that allowing issuers to set up such programs, within specified limits, does not affect the quality of the marketplace. Accordingly, TSX proposes to allow issuers to issue securities to registered charities provided that security holder approval will be required if the number of securities issued or issuable (i) to one registered charity exceeds 2% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the issuance, or (ii) in a 12 month period in the aggregate exceeds 5% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis (proposed section 612).

No comments were received by TSX regarding the proposed amendments to charitable options and the provisions remain unchanged from the Original Amendments.

7. Security Holder Approval

Under current section 606 TSX developed certain practices in respect of security holder approval to protect investors and ensure a quality marketplace. Proposed section 604 formalizes these practices, including the circumstances under which security holder approval will be required, the form of such approval and the requirement to pre-clear security holder materials with TSX. In addition, the
proposed section outlines when security holder approval by written consent will not be permitted.

Proposed section 604(c) states that the resolution approved by security holders must relate to a specific transaction and not to an unspecified future transaction. By requiring specific approval, TSX ensures that transactions requiring security holder approval are executed in the form approved by such security holders contributing to transparency in the marketplace. Consequently, it is proposed that blanket approval for private placements in excess of 25% of the issuer’s capital no longer be accepted by TSX.

In addition, and similar to an exemption available to reporting issuers under certain policies of the Ontario Securities Commission, issuers may apply for an exemption from the requirement for security holder approval if (i) the listed issuer is in serious financial difficulty; (ii) the application is made upon the recommendation of a committee of unrelated board members; (iii) the transaction is designed to improve the listed issuer’s financial situation; and (iv) the transaction is reasonable for the listed issuer in the circumstances. This exemption will not be available in respect of the security holder approval required for security based compensation arrangements or for the issuance of securities to registered charities.

Formerly proposed Section 604(a)(iii) (public interest) has been removed. TSX determined that the formerly proposed section 604(a)(iii) created too much uncertainty as to when security holder approval would be required. A new section has been added (proposed section 604(f)) to provide for a 90% shareholder exemption. Please see section 10(a) below for further details. In addition, minor amendments have been made to proposed section 604 in order to clarify certain provisions. Section 604(a) was amended to clarify that security holder approval will be on a disinterested basis where the transaction has not been negotiated at arm’s length. Other minor technical changes were made to the financial hardship exemption (proposed section 604(e)). Section 604 otherwise remains unamended. Reference is made to A9, A10, B6, B7, F11, F12 in Appendix C—TSX Response to Public Comments.

9. Change in Management

Currently, only non-exempt issuers are required to submit Personal Information Forms for new officers and directors (current section 516). A quality marketplace is fostered by having quality participants. Ensuring the suitability of those persons in a position to influence management of a listed issuer is part of TSX’s current mandate (current section 716 of the Manual).

Accordingly, TSX proposes that it review the suitability of new officers, directors and insiders for all listed issuers. The filing of a Personal Information Form will be required only if requested by TSX (proposed section 716).

No amendments have been made to proposed Section 716. Reference is made to A12 and F13 in Appendix C—TSX Response to Public Comments.

10. Additional Amendments

Following the publication of the Original Amendments, as a result of public comments and internal discussions certain additional new provisions were added to the Amendments. The subsequent amendments are discussed below.
a. 90% Shareholder Exemption

From time to time, TSX has received applications by listed issuers with a single significant security holder which holds or controls in excess of a majority of the votes of all security holders. Certain transactions which would normally require security holder approval, excluding the significant security holder may not necessarily be fair to that security holder. In instances where a very small minority of the voting securities of a listed issuer may govern or control the direction of that issuer without consideration of the position of the significant security holder may not necessarily be equitable to that security holder. TSX proposes to extend the facilities of TSX should be maintained.

b. Removal of the Exchange Take-over Bid, Issuer Bid and Normal Course Purchase Provisions

Over time, TSX has had a significant decline in the applications received for Exchange Take-over and Issuer Bids through the facilities of TSX. Over the past two years, TSX has not received any applications for bids through the facilities of the exchange. As a result in the declining use of such bids, TSX proposes to remove the provisions for Exchange Bids, other than the provisions related to normal course issuer bids.

Question 13: Consider whether the provisions for Exchange Take-over and Issuer Bids through the facilities of TSX should be maintained.

In conjunction with the proposed removal of the Exchange Take-over and Issuer Bid provisions, TSX proposes to remove the provisions for normal course purchases. Currently, subsection 93(1)(b) of the Securities Act (Ontario) provides a similar provision for an exemption from the take-over bid requirements, however the statutory exemption imposes an additional restriction which is not contained in the current TSX provisions. For offerors of listed securities, purchases made under the statutory exemption must be made at a price which is not in excess of the last independent trade of a board lot of the relevant class of securities.

Question 14: Consider whether the provisions for normal course purchases through the facilities of TSX should be maintained.

TSX Company Manual

c. High Volume Normal Course Issuer Bid Exemption

Under the current rules and policies of TSX, all issuers making purchases under a normal course issuer bids may not purchase more than 2% of the relevant class of securities outstanding in any 30 day period. TSX proposes to provide an exemption to the 2% purchase restriction for those issuers with high trading volumes on TSX (proposed section 628(a)). The exemption would be available to those issuers who had an average trading value per day on TSX of $10,000,000 or more for the previous three months. The exemption would be granted at the commencement of the bid, based on trading immediately before the bid notice and would be valid for the duration of the bid. The $10,000,000 average trading value is derived from TSX’s highest rating of securities (A1) for TSX’s market making system. Qualifying issuers would continue to be restricted by the aggregate number of securities which may be purchased under a normal course issuer bid 15% of the relevant class of securities outstanding or 10% of the public float of the relevant class of securities), as well as the other normal restrictions under the current rules and policies. The exemption must be disclosed in both the notice and related press release. The proposed exemption is based on the lack of market impact such purchases made under a normal course issuer bid will have on TSX.

Question 15: Consider whether a high volume normal course issuer bid exemption from the 2% purchase restriction is appropriate and whether the $10,000,000 trading value is the appropriate level for qualifying for such an exemption.

d. Other Principal Market — Interlisted Issuer Exemption

Currently, listed issuer (other than those qualifying in the foreign category at the time of their original listing) are required to comply with Parts IV, V (if non-exempt), VI and VII of the Manual. Frequently, TSX listed issuers who are also listed on another exchange frequently face conflicts in the requirements imposed by all of the exchanges such issuer is listed upon. TSX recognizes that some of the requirements in Part VI of the Manual may not be necessary where the listed issuer’s principal market is elsewhere, although that issuer may not be in a position to qualify for TSX’s foreign category. TSX is proposing to codify an interlisted issuer exemption (proposed Section 602(h)) from the requirements related to security holder approval, private placement, unlisted warrants and security based compensation arrangements. Qualifying issuers would be required to make specific application at the relevant time in relation to the proposed transaction and at such
time must have at least 75% of the trading value and volume of its listed securities traded on another exchange for the preceding six months in order to qualify for the exemption. TSX understands that certain other markets (including Nasdaq and the New York Stock Exchange) provide certain exemptions to listed issuers based on the jurisdiction of incorporation, regardless of whether or not such market is the principal market for the issuer.

Question 16: Consider whether an exemption from TSX requirements related to security holder approvals, private placements, unlisted warrants and security based compensation arrangements is appropriate and whether the 75% trading threshold is the appropriate level for such an exemption.

Public Interest

In accordance with the “Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals” between the OSC and TSX, TSX must determine whether a change in policies is of “public interest”. TSX believes that there are sufficient substantive changes to the Original Amendments to warrant public comment. TSX has benefited from public comment on the Original Amendments and believes it is important for its key stakeholders to have an opportunity to review the amended policies prior to their implementation.

As a result, the Amendments will only become effective following public notice, a comment period and the approval of the OSC.

Given that the Original Amendments were previously published for comment, TSX has established a 30 day comment period.

Text of Amendments

Attached as Appendix B is a draft of those sections of the Manual reflecting the Amendments. A blacklined version of the Amendments showing the changes from the Original Amendments is available on our website at: www.tsx.com. Other than in respect of Part VII, the Amendments are extensive and as a result the changes have not been marked from the current version of the Manual. In particular, we refer readers as follows:

1. Sections 501 to 613 addressing non-exempt issuers, private placements, warrants and share based compensation;
2. Section 628 through 632 addressing normal course issuer bids; the other provisions related to exchange take-over and issuer bids have been removed;
3. Section 641 addressing the effect of the Amendments on current transactions;
4. Part VII addressing the proposed delisting procedure; and
5. The second paragraph of Section 716 providing that TSX will review changes in management for all listed issuers.

Readers are advised that the policies currently appearing as appendices to the Manual have now been incorporated into the Manual as follows:

1. Policy on small security holder selling and purchase arrangements (formerly Appendix D) — Sections 638 through 640;
2. Policy on sales from a control block through the facilities of the Exchange (formerly Appendix D) — Section 637;
3. Policy on restricted shares (formerly Appendix E) — Section 624;
4. Policy on normal course issuer bids (formerly contained in Appendix F) — Sections 628 through 632; and
5. Policy on security holder rights plans (formerly Appendix G) — Sections 633 through 636.

BY ORDER OF THE BOARD OF DIRECTORS

SHARON C. PEL
VICE PRESIDENT, CORPORATE DEVELOPMENT
GENERAL COUNSEL AND CORPORATE SECRETARY

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**APPENDIX A**

Comparative Analysis

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<tr>
<td>1. Not all TSX practices are written and/or published.</td>
<td>All TSX standards and practices will be in writing and published for issuers and their advisors.</td>
<td>Transparency of TSX policies will create greater certainty for issuers and their advisors. This will reduce the expense and time required for issuers to complete transactions.</td>
</tr>
<tr>
<td>2. Non-exempt TSX listed issuers must pre-clear all material changes with TSX. [ss. 502 through 519]</td>
<td>TSX will require notice of all material changes and will review only those transactions which involve insiders or materially affect control. [s. 501]</td>
<td>Limiting the types of transactions requiring TSX review will reduce the expense and time required for issuers to complete transactions.</td>
</tr>
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<td>3. TSX currently has undefined discretion with respect to imposing conditions on non-arm's length transaction, including the requirement for independent valuations. [s. 513]</td>
<td>TSX will require independent evidence of the value of consideration and security holder approval for non-arm's length transaction where the value of the consideration exceed 2% and 10%, respectively, of the market capitalization of the issuer. This requirement will apply whether or not such transactions involve the issuance of listed securities. [s. 501(c)]</td>
<td>Specific provisions with defined parameters create transparency and increase efficiency in planning transactions.</td>
</tr>
<tr>
<td>4. TSX does not specify the time period for responding to a filing. [none]</td>
<td>Issuers will receive notice of acceptance or non-acceptance within 7 business days. For transactions not involving insiders or a material effect on control, the response time will be 3 business days. [ss. 501(d), 602(c), 607(c)]</td>
<td>Specifying service response times provides issuers with certainty and guarantees quality customer service.</td>
</tr>
<tr>
<td>5. Not all terms and phrases used in the Manual are defined. [none]</td>
<td>All terms and phrases have been defined. [s. 601]</td>
<td>Definitions create transparency and consistency of interpretation.</td>
</tr>
<tr>
<td>6. Market price is defined as the closing price on the day before TSX receives notice of the transaction. [s. 619b]</td>
<td>Market price is based on a 5-day volume weighted average trading price [definition of market price in s. 601]</td>
<td>Weighted average trading prices are less susceptible to market manipulation.</td>
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<td>7. TSX currently has unspeci- TSX continues to have discretion to impose conditions or grant exemptions in situations where marketplace quality may be compromised.</td>
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<td>fied discretion to impose condi-</td>
<td>In order to assist issuers in understanding TSX principal basis for exercising its discretion, TSX has listed the key factors in exercising its discretion.</td>
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<td>tions on transactions that may</td>
<td>[none]</td>
<td></td>
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<td>affect the quality of the market-</td>
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<td>place. [none]</td>
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| 8. TSX currently does not per- | Private placements below the applicable discount levels will be permitted provided that such placements are specifically approved by disinterested security holders. [s. 607(e)]. |
| mit private placements to be | If security holders approve a highly dilutive private placement, TSX should not otherwise restrict such transactions. |
| completed at prices below the | The board of directors in exercising its fiduciary duties must act in the best interest of the security holders and in certain circumstances, such a private placement may be necessary. |
| maximum allowable discount | Other exchanges do not regulate the price of securities privately placed. |
| levels. [s. 619(b)] | |

| 9. Any transaction resulting in | Subject to [s. 603] above, transactions done at or above market price will not be reviewed. [s. 607(c)]. |
| an issuance of more than 25% of | In addition, the 25% limit on share capital issuances will be on a per transaction basis rather than the previous 6 months. [s. 607(g)]. |
| an issuer’s share capital in a | While unrestricted below market transactions affect the quality of the marketplace, transactions done at or above market are economically neutral to all security holders. |
| six month period requires secu- | This practice is similar to that of other exchanges. |
| rity holder approval. [s. 620] | |

| 10. Currently, TSX aggregates securities issued pursuant to private placements with securities issued pursuant to acquisitions where the use proceeds of the private placement are used towards or connected to the acquisition, for the purposes of the 25% security holder approval requirements. [none] | This practice has been codified in the proposed amendments. [s. 611(h)]. | Transparency of TSX policies will create greater certainty for issuers and their advisors. |
## Request for Comments

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<td>11. TSX sets the standards for warrants issued to private places. [s 622]</td>
<td>TSX will allow issuers to set the terms of warrants. The exercise price may be less than market price, provided that disinterested security holders approve the transaction. [s 608(a)]</td>
<td>Transparency creates certainty and results in more efficient access to capital markets. Subject to restrictions on exercise price and the making of amendments, TSX believes that issuers are in the best position to determine the commercial terms of warrants. The provisions for the cashless exercise of warrants will assist issuers by increasing transparency.</td>
</tr>
<tr>
<td>TSX has unwritten standards requirements for changes to existing warrants. [none]</td>
<td>Issuers may amend warrants provided that details of the changes are press released 10 days prior to the effective date. If insiders hold warrants to be amended, these must be approved by disinterested security holders. [s 608(b)]</td>
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<tr>
<td>Currently, TSX permits the cashless exercise of warrants. [none]</td>
<td>A new subsection has been added to permit the cashless exercise of warrants. [s 608(c)]</td>
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<tr>
<td>12. TSX has unpublished standards for insider participation in private placements. Currently, insider participants may not benefit from more than one &quot;sweetener&quot; (i.e., an insider could not receive a warrant and purchase shares at a discount even if all other places are able to do so). TSX exercises its discretion in requiring security holder approval for private placements to insiders and does not have a published rule with respect to such requirements. [none]</td>
<td>All TSX standards in respect of private placements are published. Insider participation above 10% of the issuer’s share capital, calculated on a six month basis will require disinterested security holder approval. [s 607(g)]</td>
<td>Transparency creates certainty and results in more efficient access to capital markets. The potential for undue influence by insiders is limited by the dilution requirement for security holder approval.</td>
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<td>Subject to the dilution limits noted above, insider participants may participate on the same terms as other private placement participants.</td>
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<td>13. Private places are required to undertake not to trade their securities for the longer of 4 months or the hold period under applicable securities legislation. [s 621]</td>
<td>TSX will not require an undertaking from private places not to trade securities. [none]</td>
<td>Securities legislation provides for a complete regime in respect of the resale of securities purchase pursuant to an exemption from prospectus requirements.</td>
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<td><strong>Existing Standard</strong> [current reference]</td>
<td><strong>Amended Standard</strong> [new reference]</td>
</tr>
<tr>
<td>14. Only certain share compensation arrangements are subject to security holder approval. [ss. 629, 630]</td>
<td>Generally, all security based compensation arrangements will require disinterested security holder approval, when instituted and every three years thereafter. [s. 613(a)]</td>
</tr>
<tr>
<td>15. Only certain share compensation arrangements are subject to security holder approval. [ss. 629, 630]</td>
<td>Certain security based compensation arrangements will require security holder approval, without the exclusion of insiders, when instituted and every three years after, provided that: (i) the securities available under all of the issuer’s security based compensation arrangements does not exceed 10% of the issued and outstanding securities; (ii) the unrelated board members recommend the adoption of the arrangement; and (iii) the issuer is included in the S&amp;P/TSX Composite Index. [s. 613(a)]</td>
</tr>
<tr>
<td>16. Currently, only in circumstances where disinterested shareholder approval is required for a share compensation arrangement, TSX requires all security holders, including holders of Restricted Shares, are provided with a voting entitlement based on their residual equity interest, whether or not such a share normally carries a vote. This requirement is triggered where more than 10% of the issued and outstanding securities are available under share compensation arrangements. [s. 630]</td>
<td>Other than as noted above, all security based compensation arrangements will be subject to a disinterested security holder approval, including holders of Restricted Securities voting together with other equity securities on the basis of their residual interest. [s. 613(a)]</td>
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### Request for Comments

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<td>17. All share compensation arrangements must have a fixed maximum number of securities issuable. Rolling maximums based on a percentage of an issuer’s outstanding securities are not permitted. [s. 631]</td>
<td>The requirement for a fixed maximum number of securities has been removed. Issuers may have a rolling maximum based on a percentage of its outstanding securities. [none]</td>
<td>Issuers’ security based compensation arrangements have grown increasingly complex and varied from industry to industry. Security holders are in the best position to determine what is appropriate for the issuer’s security based compensation arrangements. Combined with the proposed renewal by disinterested security holders every three years, market quality will not be adversely affected. We note that the US exchanges permit “evergreen” or rolling plans and that the failure to permit such plans may place Canadian issuers at a competitive disadvantage in providing incentive to its key employees.</td>
</tr>
<tr>
<td>18. TSX mandates certain terms for all share compensation arrangements. [ss. 633, 634]</td>
<td>TSX will only mandate the disclosure required by issuers in respect of security based compensation arrangements. [s. 613(h)]</td>
<td>The importance of security based compensation arrangements varies based on the size and industry of the issuer. While security holders need to know and approve the content of these arrangements, it is not appropriate for TSX to determine the terms of such arrangements.</td>
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<tr>
<td>19. TSX requires that material amendments to options held by insiders be approved by disinterested security holders.</td>
<td>TSX will require specific disin- terested security holder approv- al for amendments to options held by an insider which entail a reduction in the exercise price or an extension to the term of the option. [s. 613(0)]</td>
<td>Amendments to the price and term of an option held by an insider are significant enough to warrant specific security holder approval. If a security based compensa- tion arrangement, which is approved by security holders, provides the directors with the discretion to make other mate- rial amendments to options held by insiders, amendments (other than those related to exercise price and term) are not significant enough to warrant a meeting of the security holders. Details of any such amend- ments would have to be disc- closed on an annual basis.</td>
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| 20. TSX currently has an unwritten rule which permits the adoption of a share compensation arrangement in connection with an arm’s length acquisition of another business. | Issuers will be permitted to grant options outside of its security based compensation arrangement in connection with an arm’s length acquisi- tion of another business. Securities issued in connection to or assumed pursuant to security based compensation arrange- ments of a target company will be aggregated into the acquisition cost for the purposes of the security holder approval requirements. [s. 613(d)(xii)] | Transparency creates certainty and results in more efficient access to capital markets. The grant of the options in connection to an arm’s length acquisition, constitutes part of the acquisition cost. Frequently, the businesses to be acquired have outstanding options, which could not be rolled over into the existing arrangements of the issuer because of a limit- ed availability of options. |

| 21. Charitable options may be granted with security holder approval and must meet TSX requirements [s. 637.1 through 637.10] | Terms of charitable options are set by the issuer, other than exercise price which must be at least market price. Options for more than 2% of an issuer’s capital to one registered charity or an aggregate of 5% on annual basis require security holder approval. [s. 612] | While security holders need to know and approve the content of these options, it is not appro- priate for TSX to determine the terms of such arrangements. |

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<td>22.</td>
<td>Private placements in excess of 25% of an issuer’s share capital in any six month period may be approved by security holder in advance, subject to certain restrictions. [none]</td>
<td>Specific security holder approval, rather than advanced unspecified approval, will be necessary for all transactions where such approval is required. [s. 604(c)]</td>
<td>With the proposed amendments to the requirements for security holder approval (see paragraph 10), the need for advance security holder approval will be reduced. By requiring specific approval, transactions requiring security holder approval are executed in the form approved by such security holders contributing to transparency in the marketplace.</td>
</tr>
<tr>
<td>23.</td>
<td>Issuers cannot apply for an exemption from security holder approval requirements. [none]</td>
<td>Issuers will be able to apply for an exemption from security holder approval requirements (other than share compensation arrangements). This exemption will be automatically granted to issuers meeting quantitative continued listing requirements if the issuer (1) is in serious financial difficulty, (2) the transaction is designed to improve the issuer’s financial situation and (3) based on the determination of the committee, the transaction is reasonable in the circumstances.</td>
<td>It is in the best interest of security holders and the marketplace for issuers to enter into transactions in a timely manner when faced with financial difficulty. It is appropriate for TSX to defer to the decision of an issuer’s unrelated directors in this regard. The Ontario Securities Commission makes this exemption available in respect of related party and other special transactions.</td>
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<td>24.</td>
<td>Currently, take-over and issuer bids may be completed through the facilities of the exchange. [Appendix F — Part VI of the TSX Trading Rules and Policies]</td>
<td>Other than with respect to the rules and policies regarding Normal Course Issuer Bids, the take-over and issuer bid provisions will be withdrawn.</td>
<td>TSX has had a significant decline in the applications received for exchange take-over and issuer bids through the facilities of the TSX. Over the most recent two years, TSX has not received any applications for bids through the facilities of the exchange.</td>
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<td>25. Currently, all issuers making purchases under a normal course issuer bids may not purchase more than 2% of the relevant class of securities outstanding in any 30 day period.</td>
<td>Those issuers with high trading volumes on the TSX would not be restricted by the 2% purchase restriction. [s. 628(a)] The exemption would be available to those issuers who have an average trading value per day on the TSX of $10,000,000 or more for the previous three months.</td>
<td>Those issuers with significant trading on the TSX who purchased in excess of 2% of the securities subject to a normal course issuer bid would not have an impact on the quality of the market.</td>
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<tr>
<td>26. TSX parameters for renewal of small shareholder selling and purchase arrangements are not published.</td>
<td>Two automatic renewals of 30 days each will be permitted provided that TSX is pre-notified and a press release is issued. [s. 639(h)]</td>
<td>Transparency creates certainty and results in more efficient access to our capital market.</td>
</tr>
<tr>
<td>27. Issuers on a post-consolidation basis must meet certain financial tests. [s. 691]</td>
<td>Issuers on a post-consolidation basis must meet continued listing requirements. [s. 621(b)]</td>
<td>As security holders must approve the consolidation, TSX should concentrate solely on continued listing requirements.</td>
</tr>
<tr>
<td>28. Following a period during which they can remedy their non-compliance, issuers are suspended from the TSX but remain listed for a 12 month period. During this period, the issuer remains subject to TSX requirements and must meet TSX’s original listing requirements to be reinstated. [Part VII]</td>
<td>Issuers will be delisted from the TSX 30 days after the expiry of the 120 day remedy period and the right to be heard. Where an issuer is subject to an expedited review, the issuer will be suspended immediately and delisted 30 days following the suspension date. Issuers will be required to meet TSX’s original listing requirements in order to be reinstated. [Part VII]</td>
<td>Issuers are currently provided with the opportunity to remedy their deficiencies and security holders also have adequate time to liquidate their positions prior to any suspension decision. The 12 month suspension period is of limited value to issuers. Historically, reinstatement following suspension has been a rare occurrence. Under the Universal Market Integrity Rules issuers listed but not trading on the TSX could trade on another trading system. This would compromise the quality of the marketplace. This amendment also avoids duplication of regulatory oversight for suspended issuers who transfer to TSX Venture Exchange.</td>
</tr>
<tr>
<td>29. Only non-exempt issuers are required to submit a Personal Information Form for new officers and directors. [s. 516]</td>
<td>New officers, directors and other insiders of all listed issuers will be reviewed by TSX. Personal Information Forms will only be required if requested by TSX. [s. 716]</td>
<td>A quality marketplace is fostered by having quality participants. Ensuring the suitability of those persons in a position to influence management of a listed issuer is part of TSX’s current mandate under s. 716 of the Manual.</td>
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</table>
30. All listed issuers must comply with the requirements for security holder approval, without regard to whether or not the issuer has a large controlling significant security holder. [none]

An issuer with a single security holder, holding at least 90% of the votes and equity of the issuer will be exempted from all TSX security holder requirements. [s. 604(f)].

In instances where a very small minority of the voting securities of a listed issuer may govern or control the direction of that issuer without consideration of the position of the significant security holder may not necessarily be equitable to that security holder.

31. Listed issuers with principal markets other than TSX, cannot apply for an exemption from the requirements of security holder approvals, private placements, unlisted warrants and share compensation arrangements. [none]

An issuer which has at least 75% of its volume and value of its listed securities traded on another exchange will be granted an exemption from the requirements related to security holder approvals, private placements, unlisted warrants and security based compensation arrangements. [s. 602(h)]

Interlisted issuers frequently face conflicts in the requirements imposed by all of the exchanges such issuer is listed upon. Some of the requirements in Part VI of the Manual are not necessary where the listed issuer’s principal market is elsewhere.

APPENDIX B

Revised Parts V, VI and VII of the TSX Company Manual

PART V — SPECIAL REQUIREMENTS FOR NON-EXEMPT ISSUERS

501. (a) This Part is applicable only to “non-exempt issuers”. The decision as to whether or not an issuer is non-exempt is made by TSX at the time the issuer is originally approved for listing. Reference should be made to Section 309.1 (Industrial companies), 3141 (Mining companies) or 319.1 (Oil and Gas companies) of this Manual, which outline the requirements for eligibility for exemption from this Section 501. If these requirements are not met at the time of original listing, the exemption may be granted at such later time as they are met either (i) on application in writing accompanied by the applicable fee by the non-exempt issuer (see Part VIII), or (ii) upon review by TSX. If an applicant is granted an exemption, the fee will be refunded. If an applicant is not granted an exemption, the fee is non-refundable. TSX may revoke a previously granted exemption in appropriate circumstances. Non-exempt issuers are designated in stock quotations in the financial press as “subject to special reporting rules”.

(b) In addition to complying with all other parts of this Manual, Every non-exempt issuer shall give prompt notice to TSX of any proposed material change in the business or affairs of the issuer. See Section 410 for a list of developments likely to require such notice. Material changes other than those described in Subsection 501(c) do not require TSX acceptance under this Part V and TSX will not issue a letter of confirmation or acceptance for such transactions.

(c) Transactions involving insiders or other related parties of the non-exempt issuer (both as defined in Section 601) and which do not involve an issuance or potential issuance of listed securities, or that are initiated or undertaken by the non-exempt issuer and materially affect control (as defined in Section 601) require TSX acceptance under this Part V before the non-exempt issuer may proceed with the proposed transaction. Failure to comply with this provision may result in the suspension and delisting of the non-exempt issuer’s listed securities (see Part VII of this Manual).

If the value of the consideration to be received by the insider or other related party exceeds 2% of the market capitalization of the issuer, TSX will require that:

(i) the proposed transaction be approved by the board on the recommendation of the unrelated directors; and

(ii) the value of the consideration be established in an independent report.

In addition, if the value of the consideration to be received by the insider or other related party exceeds 10% of the market capitalization of the issuer, TSX will require that the transaction be approved by the issuer’s security holders, other than the insider.

(d) TSX will advise the non-exempt issuer in writing generally within seven (7) business days of TSX’s acceptance of a transaction described in Subsection 501(c).
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(e) Where a non-exempt issuer proposes to enter into a transaction described in Subsection 501(c) any public announcement of the proposed transaction must disclose that TSX acceptance is required.

(f) Providing notice under Section 501(b) is in addition to the timely disclosure obligations of listed issuers, as set out in Sections 406 to 423.4 of this Manual, the provisions of Section 602 and all the other requirements set out in Part VI of this Manual.

(g) The notice required by this Section 501 should initially take the form of a letter addressed to TSX's Advisory Affairs division. For those transactions described in Subsection 501(c), the letter notice must also identify the application of Subsection 501(c) and must contain a request for acceptance. For those transactions described in Subsection 501(c), notices must also be accompanied by the applicable filing fee (see Part VIII). If applicable, the notice should include the appropriate Company Reporting Form (Appendix H: Company Reporting Forms). A press release or information circular filed with TSX does not constitute notice under this Section 501. The letter must contain the particulars of the proposed transaction, and state whether: (i) any insider has a beneficial interest, directly or indirectly, in the proposed transaction and the nature of such interest; and (ii) whether and how the transaction could materially affect control of the non-exempt issuer. Copies of all applicable executed agreements must be filed as part of the Section 501 notice as soon as they are available.

(h) If the proposed change entails an issuance, or potential issuance, of securities, the Section 501 and 602 notices should be combined in a single letter (see Part VI of this Manual).

(i) Any amendment to the terms of a transaction previously accepted by TSX under Subsection 501(c) requires the prior consent of TSX. This applies even if the original transaction specifically provided for the possibility of amendments, unless the amendment is solely due to standard anti-dilution provisions in the original agreement.

TSX normally considers notices on Thursday of the week following the within one week of receipt of the notice. Further information or documentation may be requested before TSX decides to accept or not accept notice of a transaction.

PART VI—CHANGES IN CAPITAL STRUCTURE OF LISTED ISSUERS

GENERAL

601. Definitions.

In Parts V and VI of this Manual, the following words and phrases have these definitions:

“affiliated companies” has the same meaning as found in the OSA and for greater certainty also includes those issuers that are similarly related, whether or not any of the issuers are corporations, companies, partnerships, limited partnerships, trusts, income trusts or investment trusts or any other organized entity issuing securities;

“associate” has the same meaning as found in the OSA;

“company” has the same meaning as found in the OSA;

“convertible security” means a security that, by its terms is convertible into or exchangeable for listed securities, but does not include warrants or other securities which are exercisable, carry a right to purchase or cause the purchase of listed securities for additional consideration;

“CSA” means the Canadian Securities Administrators;

“insider” has the same meaning as found in the OSA and also includes associates and affiliated companies of the insider, and “issuances to insiders” includes direct and indirect issuances to insiders, their associates and affiliated companies;

“issuer” means a corporation, company, partnership, limited partnership, trust, income trust or investment trust or any other organized entity issuing securities;

“listed issuer” means any issuer having securities listed on TSX;

“listed security” or “listed securities” means a security or securities listed on TSX;

“market price” means the VWAP on TSX, or another stock exchange where the majority of the trading volume and value of the listed securities occurs, for the five trading days immediately preceding the relevant date. If the five day VWAP, in the opinion of TSX, does not accurately reflect the securities' current market price, the VWAP may be based on relevant factors including liquidity, trading activity immediately before, during or immediately after the relevant period or any material events, changes or announcements occurring immediately before, during or immediately after the relevant period. Market price is to be determined as at the date (either the date of the binding agreement or some future date) provided for in the binding agreement obligating the issuer to issue the securities. TSX will accept a signed term sheet, engagement letter, letter of intent, agency agreement, underwriting agreement or other similar agreement as the binding agreement. If the listed securities are suspended from trading or have not traded on TSX

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or another stock exchange for an extended period of time, the market price will be the fair market value of the listed securities as determined by the listed issuer’s board of directors.

“materially affect 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. Such an 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 holding of more than 20% of the voting securities by one security holder or combination of security holders acting together will be considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances;

“OSA” means the Securities Act of the Province of Ontario as amended from time to time, the rules and policies thereunder and any replacement legislation;

“OSC” means the Ontario Securities Commission;

“person” has the same meaning as found in the OSA;

“related party” has the same meaning as found in the OSA;

“security” or “securities” has the same meaning as found in the OSA and references to “security” or “securities” herein shall be restricted to securities listed on TSX unless otherwise provided;

“TSX” means the Toronto Stock Exchange;

“unrelated director” has the same meaning as found in Section 474(2) or any replacement section; and

“VWAP” means the volume weighted average trading price of the listed securities, calculated by dividing the total value by the total volume of securities traded for the relevant period. Where appropriate, TSX may exclude internal crosses and certain other special terms trades from the calculation.

602. General.

(a) Every listed issuer shall immediately notify TSX in writing of any transaction involving the issuance or potential issuance of any equity or listed securities, or equity securities other than unlisted non-convertible non-voting preferred securities.

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(b) A listed issuer may not proceed with a Subsection 602(a) transaction unless accepted by TSX. Failure to comply with this provision may result in the suspension and delisting of the listed issuer’s listed securities (see Part VII of this Manual).

(c) Unless otherwise provided, TSX will advise the listed issuer in writing generally within seven (7) business days of receipt of notice of a Subsection 602(a) notice, of TSX’s decision to accept or not to accept the notice, indicating its reasons. In reviewing the transaction described in the notice, TSX will consider the applicable provisions of this Manual.

(d) Where a listed issuer proposes to enter into a Subsection 602(a) transaction, any public announcement of the transaction must disclose that the transaction is subject to TSX or regulatory acceptance or approval.

(e) The notice required by Subsection 602(a) should initially take the form of a letter addressed to TSX’s Advisory Affairs division, requesting acceptance of the notice for filing, unless the applicable section of Part VI requires otherwise. A press release or information circular filed with TSX does not constitute notice under Section 602. The letter should contain the essential particulars of the transaction, and should state whether: (i) any insider has an interest, directly or indirectly, in the transaction and the nature of such interest; and (ii) whether and how the transaction could materially affect control of the listed issuer. A copy of any written agreement in respect of the transaction must be provided with the notice. TSX must be provided with prompt notice of any changes to the material terms of the transaction described in the notice, regardless of whether the amendment could entail a further issuance of securities. This applies even if the transaction as previously accepted by TSX specifically contemplated future amendments, unless the amendment is solely due to standard anti-dilution provisions in the original agreement. The listed issuer may not proceed with the proposed amendment unless it is accepted by TSX.

(f) The requirements of Section 602 are in addition to the timely disclosure obligations of listed issuers, as set out in Sections 406 to 423.4 of this Manual and to all applicable corporate and securities legislation.

(g) TSX normally considers notices on Thursday of the within one week following receipt of the Subsection 602(a) notice. Further information or documentation may be requested before TSX decides to accept or not accept notice of a transaction.

(h) TSX will not apply its standards with respect to security holder approval (Section 604), private
placements (Section 607), unlisted warrants (Section 608) and security based compensation arrangements (Section 614) to issuers listed on another exchange where at least 75% of the trading value and volume over the six months immediately preceding notification occurs on that other exchange. These issuers must still comply with Section 602, at which time TSX will notify the issuer of their eligibility under this Subsection 602(h) and the documents and fees required for TSX acceptance of the notified transaction. The exemptions contained in this Subsection 602(h) are available to listed issuers not otherwise qualified for the exemptions provided to listed issuers qualifying as foreign companies under Section 324.

603. Discretion.

TSX has the discretion: (i) to accept notice of a transaction; (ii) to impose conditions on a transaction; and (iii) to allow exemptions from any of the requirements contained in Parts V or VI of this Manual.

In exercising this discretion, TSX will consider the effect that the transaction may have on the quality of the marketplace provided by TSX, based on factors including the following:

(i) the involvement of insiders or other related parties of the listed issuer in the transaction;
(ii) the material effect on control of the listed issuer;
(iii) the listed issuer’s corporate governance practices;
(iv) the listed issuer’s disclosure practices;
(v) the size of the transaction relative to the liquidity of the issuer; and
(vi) the existence of an order issued by a court or administrative regulatory body that has considered the security holders’ interests.

604. Security Holder Approval.

(a) In addition to any specific requirement for security holder approval, TSX will generally require security holder approval as a condition of acceptance of a notice under Section 602 if, in the opinion of TSX, the transaction:

(i) may materially affect control of the listed issuer; or
(ii) provides consideration to insiders in aggregate of 10% or greater of the market capitalization of the issuer and has not been negotiated at arm’s length.

If any insider of the issuer has a beneficial interest, direct or indirect, in the proposed transaction, TSX will regard such a transaction as not having been negotiated at arm’s length.

(b) For other transactions, TSX’s decision as to whether to require security holder approval will depend on the particular fact situation having specific regard to those items listed in Subsection 604(a). For the purposes of Subsection 604(a)(i), the insiders participating in the transaction are not eligible to vote their securities in respect of such approval.

(c) If TSX requires security holder approval of a transaction, the resolution to be voted upon must relate specifically to the transaction in question, rather than an unspecified transaction that may take place in the future.

(d) Security holder approval is to be obtained from a majority of security holders voting at a duly called meeting of security holders. In certain circumstances where TSX requires security holder approval of a transaction, the listed issuer may be in a position to provide TSX with written evidence that holders of more than 50% of the voting securities of the listed issuer are familiar with the terms of the proposed transaction and are in favour of it. In such circumstances, TSX will give consideration to permitting the listed issuer to proceed with the transaction without holding a meeting of security holders to formally approve it, provided that listed issuers proceeding in this manner must disclose by way of press release such fact and the transaction to which such procedure relates at least 10 business days in advance of the closing of the transaction. The press release must be pre-cleared with TSX.

This procedure will not be available for security based compensation arrangements described in Section 613, backdoor listings described in Section 626 and security holder rights plans described in Section 634.

The disclosure provided to security holders in seeking security holder approval must be pre-cleared with TSX.

(e) Upon written application, and other than in respect of Sections 612 and 613, a listed issuer meeting continued listing requirements as set out in Part VII of this Manual will be exempted from security holder approval requirements if the application is accompanied by a resolution of the listed issuer’s board of directors stating that:

(i) the listed issuer is in serious financial difficulty;
(ii) the application is made upon the recommendation of a committee of independent unrelated board members.

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(iii) the transaction is designed to improve the listed issuer’s financial situation; and

(iv) based on the determination of the committee referred to in (iii) above, that the transaction is reasonable for the listed issuer in the circumstances.

Listed issuers using this exemption will be required to issue a press release at least ten (10) business days in advance of the closing of the transaction disclosing the material terms of the transaction and that the listed issuer has relied upon this exemption. The press release must be pre-cleared with TSX.

(f) Security holder approval will not be required where at least ninety percent (90%) of an issuer’s equity and outstanding voting securities are held by one person or company.

605. Changes in Issued Securities.

TSX must be notified immediately of any increase or decrease in the number of issued securities of a listed issuer. The notice must be on Form 1 “Change in Outstanding and Reserved Securities” found in Appendix H. Changes resulting from the issuance of securities over a prolonged period of time may be reported on a monthly basis. See Section 424 of this Manual. Please note that “nil” reports must be filed on a monthly basis.

DISTRIBUTIONS OF SECURITIES OF A LISTED CLASS

606. Prospectus Offerings.

(a) Listed issuers proposing to issue securities of a listed class pursuant to a prospectus must file two one copies of the preliminary prospectus with TSX’s Advisory Affairs division concurrently with the filing thereof with the applicable securities commissions.

(b) TSX will generally accept notice of distributions by way of prospectus TSX may, however, apply the provisions of Section 607 to a prospectus distribution. In making such a decision TSX will consider factors such as:

(i) the method of the distribution;
(ii) the participation of insiders;
(iii) the number of placees;
(iv) the offering price; and
(v) the economic dilution.

(c) Prior to the filing of the final prospectus, TSX will notify the listed issuer of any required additional documentation.

(d) The additional securities will normally be listed as soon as the prospectus offering has closed.

Upon request, the listing may take place prior to the closing of the offering. TSX staff will advise the issuer of the requirements in this regard. Any trading that takes place prior to closing will be on an “if, as and when issued” basis.

607. Private Placements.

(a) TSX defines the term “private placement” as an issuance of treasury securities for cash consideration or in payment of an outstanding debt of the listed issuer without prospectus disclosure, in reliance on an exemption from the prospectus requirements under applicable securities laws.

Securities issued for no cash consideration to registered charities as defined under the Income Tax Act (Canada) as described in Section 612, securities issued in payment of the purchase price for property described in Section 611, security based compensation arrangements described in Section 613, rights offerings described in Section 614 and backdoor listings described in Section 626 are not considered by TSX as being Section 607 private placements.

(b) This Section 607 is applicable to issuances of unlisted securities which are convertible into or exchangeable for securities of a class listed on TSX. This Section 607 is not applicable to private placements of securities which are neither of a class listed on TSX nor convertible into securities of a class listed on TSX.

(c) Other than those transactions described in Sections 604 and 717, private placements:

(i) offered at a price per security at or above market price, regardless of the number of listed securities issuable, or

(ii) for an aggregate number of listed securities issuable equal to or less than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction where the price per security is less than the market price but within the applicable discounts set out in Subsection 607(e),

will be accepted by TSX generally within three (3) business days of TSX receiving notice thereof. Notice to TSX of this type of private placement is effected by submitting Form 11 “Private Placement — Expedited Filing” found in Appendix H.

For greater certainty, where the proceeds of a proposed private placement, in whole or in part, are used towards a transaction which results in a change in the nature of an issuer’s business, such private placements will not be accepted under this Subsection 607(e). See Section 717 for additional details regarding the requirements for a change in the nature of an issuer’s business.
(d) Private placements other than those described in Subsection 607(c) will be reviewed by TSX. TSX will advise the listed issuer generally within seven (7) business days of receipt of the notice that either TSX (i) accepts notice of the transaction and of any conditions attached to such acceptance, or (ii) does not accept the notice, indicating its reasons. Notice to TSX of this type of private placement is effected by submitting Form 12—“Private Placement — Regular Filing” found in Appendix H.

(e) The price per listed security for any private placement must not be lower than the market price less the applicable discount as follows:

<table>
<thead>
<tr>
<th>Market Price</th>
<th>Maximum Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.50 or less</td>
<td>25%</td>
</tr>
<tr>
<td>$0.51 to $2.00</td>
<td>20%</td>
</tr>
<tr>
<td>Above $2.00</td>
<td>15%</td>
</tr>
</tbody>
</table>

TSX will allow the price per listed security for a particular transaction to be less than as provided for in this Subsection 607(c) provided that the listed issuer has received security holder approval (other than by security holders participating directly or indirectly in the transaction and such security holders' associates and affiliates).

Anti-dilution provisions providing adjustments for events for which not all security holders are compensated and which may result in securities being issued at a price lower than market price less the applicable discount will be permitted, provided they have been approved by security holders excluding the votes attached to the securities held by insiders benefiting from these anti-dilution provisions.

TSX will discount the price per security by the amount of any fees or other amounts payable by the issuer to the subscriber, or its associates and affiliates, if the issuer cannot demonstrate that such amounts are commercially reasonable in the circumstances.

(f) For all private placements:

(i) subject to paragraph (ii), the transaction must not close and the securities must not be issued prior to acceptance thereof by TSX and not later than 45 days (or, in circumstances where security holder approval is required pursuant to Subsection 607(g), 135 days) from the date upon which the market price of the securities being issued is established;

(ii) an extension of the time period prescribed in paragraph (i) may be granted in justifiable circumstances, provided that a written request for an extension is filed with TSX’s Advisory Affairs division in advance of the expiry of the 45-day period;

(iii) in the case of a private placement of convertible securities, the underlying listed securities will be considered as being issued at a price per security less than the market price, unless the conversion price of such convertible security is defined as at least market price at the time of conversion, and will be regarded as being part of the number of securities being issued pursuant to the transaction;

(iv) listed securities issuable upon the exercise of warrants will be considered as being issued at a price per security less than the market price and will be regarded as being part of the number of securities being issued pursuant to the transaction;

(v) successive private placements will be aggregated for the purposes of Subsections 607(c)(ii) and 607(g)(ii) if they are proximate in time, have common placees and/or a common use of proceeds; and

(vi) the listed issuer must give TSX immediate notice in writing of the closing of the transaction.

(g) TSX will require that security holder approval be obtained for private placements:

(i) for an aggregate number of listed securities issuable greater than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction where the price per security is less than the market price; or

(ii) that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction.

For the purposes of Subsections 607(c) and 607(g)(ii), any private placements providing flow-through tax credits to the subscribers will be considered as having a price per security less than the market price.

For the purposes of Subsection 607(g)(ii), the insiders participating in the private placement are not eligible to vote their securities in respect of such approval.

Subsection 607(g)(ii) shall also apply to circumstances in which insiders participate in a private placement pursuant to the exercise of a preemptive right.

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608. Unlisted Warrants.
(a) Unless otherwise approved by the listed issuer’s security holders (other than security holders receiving warrants directly or indirectly and such security holders’ associates and affiliates), warrants to purchase listed securities may only be issued to a placee if the warrant exercise price is not less than the market price of the underlying security at the time provided for in the agreement obligating the issuer to issue the underlying listed securities. This Subsection 608(a) does not apply to warrants issued pursuant to prospectus offerings described in Section 606 and rights offerings described in Section 614.
(b) A listed issuer may apply to TSX to amend the warrant exercise price and the term of the warrant provided that:
(i) disclosure of such amendments is made by way of press release ten (10) business days prior to the effective date of the change; and
(ii) the application is accompanied by a filing fee (see Part VIII).
Security holder approval will be required for:
(i) amendments to warrants held, directly or indirectly, by insiders; or
(ii) amendments to warrants resulting in an exercise price which is less than the market price of the securities determined on the date of the amending agreement.
Security holder approval must exclude the votes attached to the securities held by insiders whose warrants are proposed to be amended.
A copy of the press release, and evidence of security holder approval if applicable, must be provided to TSX prior to the press release being issued.
(c) A listed issuer may apply to TSX to amend the warrant to provide for the exercise of the warrant without cash consideration by issuing the number of listed securities equal to:
(number of warrants exercised × market price at time of exercise) - (number of warrants exercised × exercise price)/market price at time of exercise
609. Listed Warrants.
(a) The listing of warrants on TSX is considered on a case-by-case basis.
(b) Warrants will not be listed unless the underlying securities are listed, or conditionally approved for listing, on TSX. In order for warrants to be eligible for listing on TSX, there must be at least 100 public holders of 100 warrants or more and at least 100,000 publicly held warrants. See Section 346 for the requirements respecting notations in prospectuses or other offering documents referring to a TSX listing.
(c) The warrant trust indenture, or other document prescribing the rights of warrant holders, must be pre-registered by TSX and contain appropriate anti-dilution provisions to ensure that the rights of the holders are protected in the event of an amalgamation, merger, stock dividend, subdivision, consolidation or other form of capital reorganization, or in the case of a major asset distribution to security holders.
(d) A listed issuer may apply to TSX to amend the terms of outstanding listed warrants in an exercise price or expiry date. TSX will not list warrants in respect of which the warrant trust indenture (or equivalent document) entitles the directors of the issuer to change the exercise price (except for anti-dilution purposes) or which provides for the possibility of an amendment to the expiry date.
(e) Prior to the listing of warrants on TSX, the listed issuer will normally be required to take the necessary steps to ensure that the warrants are freely tradable by residents across Canada.
(f) To apply to have warrants listed on TSX, the listed issuer must file a letter application and draft warrant indenture with TSX's Advisory Affairs division. Security holder approval must exclude the votes attached to the securities held by insiders whose warrants are proposed to be amended.
(g) Notice of a listed issuer’s intention to pay a subscription fee to one or more Participating Organizations for assisting in obtaining exercises of warrants must be given to TSX's Advisory Affairs division as soon as such an arrangement is entered into by the listed issuer.
TSX will not permit soliciting dealer arrangements unless the following are provided for (1) a maximum solicitation fee to be paid in respect of any one beneficial holder of warrants, similar to the
maximum amount normally payable to soliciting dealers in a rights offering; (2) a prohibition on a solicitation fee being passed through to a client by a dealer, either directly or through indirect subsidies; and (3) full public disclosure of the essential terms of the soliciting dealer arrangement.

610. Convertible Securities.

(a) The conversion price of a convertible security privately placed is subject to Subsection 607(e) and may be:

(i) based on either of, but not the lower of, market price less the applicable discount, at the time of issuance of the convertible security or at the time of conversion of such security; or

(ii) based on the lower of market price, without any applicable discount, at the time of the issuance of convertible security or at the time of conversion of such security.

In all other instances, security holder approval will be required.

(b) Where two or more classes of securities are interconvertible and one is listed, the other must also be listed.

(c) A decrease in the conversion price of a previously issued convertible security must be submitted to TSX for approval and will be reviewed as a new private placement.

611. Acquisitions.

(a) Where a listed issuer proposes to issue securities as full or partial consideration for property (which may include securities or assets) purchased from an insider of the listed issuer, TSX may require that documentation such as an independent valuation or engineer's report be provided.

(b) Security holder approval will be required in those instances where the number of securities issued or issuable to insiders as a group in payment of the purchase price for an acquisition exceeds 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction. Insiders receiving securities pursuant to the transaction are not eligible to vote their securities in respect of such approval.

(c) Security holder approval will be required in those instances where the number of securities issued or issuable in payment of the purchase price for an acquisition exceeds 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis. The securities made issuable pursuant to an acquisition may include the assumption of security based compensation arrangements of a target issuer, securities issuable under such arrangements and will be included in the securities issued or issuable with respect to the requirement for security holder approval. TSX will consider granting relief from this Subsection 611(c) where the assets acquired are not closely held.

(d) In calculating the number of securities issued or issuable in payment of the purchase price for an acquisition, any securities issued or issuable upon a concurrent private placement upon which the acquisition is contingent or otherwise linked will be included.

611.1. Lettered Stock

Subject to Section 611.1(e), where a listed issuer proposes to issue a certificate representing securities of a class listed on TSX, and the certificate requires a notation that the securities represented by the certificate are not freely transferable (commonly called "lettered stock"), the following rules will apply (assuming the restriction does not apply to all outstanding securities of the class):

(a) The listed issuer must inform by letter each holder of securities which are restricted as to transfer: (i) that such securities cannot be traded through the facilities of TSX since the certificate is not freely transferable and consequently is not "good delivery" in settlement of transactions on TSX, and (ii) that TSX would deem the selling security holder to be responsible for any loss incurred on a sale made by him in of such securities.

(b) The certificate must clearly show the following notation on its face:

"The securities represented by this certificate are listed on the Toronto Stock Exchange (the "TSX"); however, the said securities cannot be traded through the facilities of TSX since they are not freely transferable, and consequently any certificate representing such securities is not "good delivery" in settlement of transactions on TSX."

(c) The listed issuer must comply with such other requirements TSX may wish to impose with respect to the lettered stock.

(d) The notation required by TSX can be removed from the face of the certificate when all other notations that the securities are not freely transferable can be legally removed from the certificate.

(e) Despite the above, if the securities that have the transfer restriction are widely held to the extent of meeting TSX's public distribution requirements for original listing, TSX may permit the listing of the securities on TSX in a "special terms market", which is a market separate from that of the rest of the securities of the same class. In that case, the requirements set out in this Section may be modi-
fied accordingly. TSX’s Advisory Affairs division should be contacted in connection with a proposed listing of this type.

612. Securities Issued to Registered Charities.

(a) Subject to Subsection 612(b), listed issuers may issue securities for no cash consideration to registered charities as defined under the Income Tax Act (Canada).

(b) Security holder approval will be required in those instances where the number of listed securities issued or issuable:

(i) to one registered charity exceeds 2% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the issuance; or

(ii) in a 12 month period in the aggregate exceeds 5% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis at the beginning of that 12 month period.

(c) Options, rights, warrants or other convertible securities issued to registered charities may not be exercisable at a price lower than the market price of the underlying security at the time of the grant.

(d) TSX’s policy on timely disclosure requires immediate disclosure by its issuers of all “material information” as defined in the policy. The policy also recognizes that there are restricted circumstances where confidentiality may be justified on a temporary basis. Listed issuers may not set option exercise prices, or prices at which securities may otherwise be issued, on the basis of market prices which do not reflect material information of which management is aware but which has not been disclosed to the public.

SECURITY BASED COMPENSATION ARRANGEMENTS

613. (a) When instituted and every three years thereafter, all security based compensation arrangements must be approved by:

(i) a majority of the issuer’s directors and by all its unrelated directors; and

(ii) subject to Subsections 613(b), (c) (g) and (i), by the listed issuer’s security holders.

Insiders of the listed issuer entitled to receive a benefit under the arrangement are not eligible to vote their securities in respect of such approval, unless:

(i) the securities available under the arrangement, when combined with all of the listed issuer’s other security based compensation arrangements, does not exceed 10% of the listed issuer’s total issued and outstanding securities;

(ii) the unrelated board members recommend the adoption of the arrangement; and

(iii) the listed issuer is included in the S&P/TSX Composite Index.

When an individual is an associate, non-controlling director or senior officer of an insider, such individual will be eligible to vote. Security holder approval must be by way of a duly called meeting. For such security holder approval, holders of Restricted Securities, as defined in Section 624, 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 issuer. The exemption from security holder approval contained in Subsection 604(e) is not available in respect of security based compensation arrangements.

(b) For the purposes of this Section 613, security based compensation arrangements include:

(i) stock option plans for the benefit of employees, insiders, service providers or any one of such groups;

(ii) individual stock options granted to employees, service providers or insiders if not granted pursuant to a plan previously approved by the issuer’s security holders;

(iii) stock purchase plans where the issuer provides financial assistance or where the issuer matches the whole or a portion of the securities being purchased;

(iv) stock appreciation rights involving issuances of securities from treasury;

(v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the listed issuer; and

(vi) security purchases from treasury by an employee, insider or service provider which is financially assisted by the listed issuer by any means whatsoever.

For greater certainty, arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the issuer are not security based compensation arrangements for the purposes of this Section 613.

For the purposes of Section 613, a “service provider” is a person or company engaged by the issuer to provide services for an initial, renewable or extended for a period of twelve months or more.

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Security holder approval is not required for security based compensation arrangements used as an inducement to a person not previously employed by and not previously an insider of the listed issuer, to enter into a contract of full time employment as an officer of the listed issuer, provided that the securities issuable to such person do not exceed 2% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the arrangement.

Materials provided to security holders in respect of a meeting at which the approval of security based compensation arrangements will be requested must be pre-cleared with TSX. Such materials must provide disclosure in respect of:

1. the eligible participants under the arrangement;
2. each of the following, as applicable:
   - the total number of securities issuable under each arrangement and the percentage of the listed issuer’s currently outstanding capital represented by such securities;
   - the total number of securities issuable under each arrangement, as a percentage of the listed issuer’s currently outstanding capital, and
   - the total number of securities issuable under actual grants or awards made and the percentage of the listed issuer’s currently outstanding capital represented by such securities;
3. the maximum percentage, if any, of securities under each arrangement available to insiders of the listed issuer;
4. the maximum number of securities, if any, any one person or company is entitled to receive under each arrangement and the percentage of the listed issuer’s currently outstanding capital represented by these securities;
5. subject to Section 613(h)(i), the method of determining the exercise price or purchase price for securities under each arrangement;
6. the method of determining the purchase price for securities under security purchase arrangements, with specific disclosure as to whether the purchase price could be below the market price of the securities;
7. the formula for calculating market appreciation of stock appreciation rights;
8. the ability for the issuer to transform a stock option into a stock appreciation right involving an issuance of securities from treasury;
9. the vesting of stock options;
10. the term of stock options;
11. the causes of cessation of entitlement under each arrangement, including the effect of an employee’s termination for or without cause;
12. the assignability of security based compensation arrangements benefits and the conditions for such assignability;
13. the procedure for amending each arrangement, including specific disclosure as to whether security holder approval is required for amendments;
14. any financial assistance provided by the listed issuer to participants under each arrangement to facilitate the purchase of securities under the arrangement, including the terms of such assistance;
15. entitlements under each arrangement previously granted but subject to ratification by security holders; and
16. such other material information as may be reasonably required by a security holder to approve the arrangements.

Should a security based compensation arrangement not provide for the procedure for amending the arrangement, disinterested security holder approval will be required for such amendments.

A listed issuer may grant options or rights under a security based compensation arrangement that has not been approved by security holders provided that no exercise of such option or right may occur until security holder approval is obtained.

All security based compensation plans, and any amendments thereto, must be filed with TSX, along with evidence of security holder approval where required. Listed securities issuable under the arrangements will not be listed on TSX until such documentation is received.

Issuers must disclose on an annual basis, in their information circulars, or other annual disclosure document distributed to all security holders, the terms of their security based compensation arrangements and any amendments that were adopted in the last fiscal year. The information circular must provide disclosure in respect of each of the items in Section 613(d) as well as the nature of the amendments adopted in the last fiscal year, including whether or not (and if not, why not) security holder approval was obtained for the amendment.

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(h) Notwithstanding that a security based compensation arrangement has been approved by the issuer's security holders:

(i) the exercise price for any stock options granted under a security based compensation arrangement or otherwise must not be lower than the market price of the securities at the time the option is granted; and

(ii) security holder approval (excluding the votes of securities held directly or indirectly by insiders benefiting from the amendment) is required for (x) a reduction in the exercise price or purchase price or (y) an extension of the term, under a security based compensation arrangement benefiting an insider of the issuer.

(j) The granting of stock options under a plan and the issuance of securities under a stock option plan or other plan do not require the prior consent of TSX if the plan has been pre-cleared with TSX and the securities that are subject to issuance have been listed. However, stock options granted, exercised or cancelled under a plan must be reported to TSX on a monthly basis in the form of a duly completed Form 1 — Change in Outstanding and Reserved Securities (Appendix H: Company Reporting Forms). If no listed securities are issued, no options have expired or been cancelled in any particular month, a notice for that month is not required.

(j) TSX's policy on timely disclosure requires immediate disclosure by its issuers of all “material information” as defined in the policy. The policy also recognizes that there are restricted circumstances where confidentiality may be justified on a temporary basis. Listed issuers may not set option exercise prices, or prices at which securities may otherwise be issued, on the basis of market prices which do not reflect material information of which management is aware but which has not been disclosed to the public. Exceptions are where employees, at a previous time when they did not have knowledge of the undisclosed information, committed themselves to acquire the shares on specified terms through participation in a stock purchase plan, or where the granting of a stock option relates directly to the undisclosed event and the grantee is neither an employee nor an insider of the issuer at the time of the grant (e.g., where a stock option is granted to an employee of another company as part of the negotiations to acquire that company).

RIGHTS OFFERINGS

614. (a) A preliminary discussion with TSX's Advisory Affairs division is recommended to a listed issuer proposing to offer rights to its security holders.

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National Instrument 45-101 and Form 45-101F: TSX may have additional requirements, depending on the circumstances.

(h) The standard notation on final prospectuses or other offering documents referring to conditional approval of a listing is not appropriate for a rights offering circular with respect to the rights themselves, nor is such notation appropriate with respect to the securities issuable upon exercise of the rights if such securities are of a class already listed. The rights will normally be listed on TSX, as will the underlying securities (if of a class already listed), before the rights offering circular is mailed to the security holders.

(i) Rights which receive all required approvals will be automatically listed on TSX if the rights entitle the holders to purchase securities of a listed class. Rights which do not fall into this category will also normally be listed on TSX at the request of the listed issuer. If rights issued to security holders of a listed issuer entitle the holders to purchase securities of another issuer which is not listed, the rights will not be listed on TSX unless such securities have been conditionally approved for listing on TSX.

(j) Rights are listed on TSX on the second trading day preceding the record date. At the same time, the listed securities of the listed issuer commence trading on an ex-rights basis, which means that purchasers at that time of the securities at that time are not entitled to receive the rights.

(k) When the rights offering circular and rights certificates are mailed to the security holders, the listed issuer must concurrently file with TSX’s Advisory Affairs division two commercial copies of the rights offering circular and a definitive specimen of the rights certificate.

(l) Trading in rights on TSX ceases at 12:00 noon on the expiry date.

(m) TSX will generally require that rights be transferable, whether listed on TSX or not. Any proposed restriction on their transferability must receive the prior consent of TSX.

(n) The following requirements apply to rights which are listed on TSX, although TSX may, in appropriate circumstances, apply these requirements to rights not so listed:

(i) once the rights have been listed on TSX, TSX will not permit the essential terms of the rights offering, such as the exercise price or the expiry date, to be amended. However, under extremely exceptional circumstances, such as an unexpected postal disruption, TSX may grant an exemption from the requirement that the expiry date not be extended;

(ii) the rights offering must be open for a period of at least 21 calendar days following the date on which the rights offering circular is sent to security holders or such longer period as is necessary to ensure that security holders, including security holders residing in foreign countries, will have sufficient time to exercise or sell their rights on an informed basis,

(iii) security holders must receive exactly one right for each security held. An exemption from this requirement will be considered if the rights offering entitles security holders to purchase more than one security for each security held (prior to giving effect to any additional subscription privilege).

(iv) if the listed issuer proposes to provide a rounding mechanism, whereby security holders not holding a number of rights equally divisible by a specified number would have their entitlements adjusted upward, adequate arrangements must be made to ensure that beneficial owners of securities registered in the names of banks, trust companies, investment dealers or similar institutions will be treated, for purposes of such additional entitlements, as though they were registered security holders;

(v) the rights offering must be unconditional.

(o) As soon as possible after the expiry of the rights offering, the listed issuer must advise TSX in writing of the number of securities issued as a result of the rights offering, including securities issued pursuant to any underwriting or similar arrangement.

ADDITIONAL LISTINGS

615. General.

(a) In addition to the requirements of Section 601, every listed issuer proposing to issue additional securities of a listed class, or to authorize such additional securities to be issued for a specific purpose, must apply to have the additional securities listed on TSX. Application must be made to list the maximum number of securities issuable pursuant to the proposed transaction.

With regard to the additional listing of securities sold by prospectus, see Section 606.

(b) In determining the number of additional securities to be listed, securities listed in connection with earlier transactions must not be taken into account. Credits for fee purposes or refunds will not be given for securities which have previously been listed but are no longer issued or authorized for issuance for a specific purpose.

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616. Documentation.

(a) There is no prescribed form for an additional listing application. A letter notice pursuant to Section 601 will be regarded by TSX as including an application to list the applicable additional securities.

(b) The documentation required in connection with an additional listing application will depend on the nature of the application. In all cases, however, the following documentation will be required:

(i) copies of all relevant executed agreements;

(ii) an opinion of counsel that the securities to be listed have been validly created in accordance with applicable law and that the securities have been (or will be, when issued in accordance with the terms of the transaction) validly issued as fully paid and non-assessable; and

(iii) the additional listing fee (see Section 804).

617. Stock Dividends.

Listed issuers which issue stock dividends on a regular basis, whether pursuant to a formal stock dividend plan or otherwise, can either apply to list securities each time a dividend is declared or, alternatively, apply to list as a block the number of securities the listed issuer estimates will be issued as stock dividends over the next two years. The latter procedure could result in an ultimate saving in listing fees.

618. General.

(a) Where a listed issuer proposes to change its name, split or consolidate its stock, or undergo a security reclassification, the listed issuer must make a substitutional listing application to TSX.

(b) Where a listed issuer proposes to undergo a change which would give rise to a substitutional listing, the listed issuer must pre-clear with TSX’s Advisory Affairs division the materials for the requisite security holders’ meeting.

619. Name or Symbol Changes.

(a) A listed issuer proposing to change its name should notify TSX’s Advisory Affairs division as soon as possible after the decision to change the name has been made. The new name must be acceptable to TSX.

(b) If the proposed change is substantial, it may be appropriate for TSX to assign a new stock symbol to the listed issuer’s securities. The listed issuer’s choices, if any, in this regard should be communicated to TSX’s Advisory Affairs division, in order of preference, well in advance of the effective date of the name change. The symbol may consist of up to three letters (excluding the letters that differentiate between different classes of securities).

(c) The following documents must be filed with TSX’s Advisory Affairs division in connection with a name change:

(i) a notarial or certified copy of the Certificate of Amendment, or equivalent document;

(ii) a definitive specimen of the new or overprinted security certificate;

(iii) a copy of the written notice from The Canadian Depository for Securities Limited disclosing the CUSIP number(s) assigned to the issuer’s listed securities after giving effect to the name change (see Section 350); and

(iv) the substitutional listing fee (see Section 805).

(d) The listed issuer’s securities will normally commence trading on TSX under the new name at the opening of business two or three trading days after all the documents set out in Subsection 619(c) are received by TSX.

(e) A listed issuer may request a change to the symbol assigned to its listed securities upon payment of the applicable fee (see Section 810).

620. Stock Split.

(a) There are two methods of effecting a stock split: the “push-out” method and the “call-in” method. If the stock split is accompanied by a security reclassification, either the push-out method or the call-in method may be used; otherwise the push-out method is preferable.

(b) Under the push-out method, the security holders keep the security certificates they currently hold, and security holders of record as of the close of business on a specified date (the “record date”) are provided with additional or replacement security certificates by the listed issuer.

(c) Where the push-out method is to be used, the Certificate of Amendment, or equivalent document, giving effect to the split must be issued at least seven, and preferably not less than ten, trading days prior to the record date. Accordingly, if the stock split must be approved by security holders, the meeting of security holders must take place at least seven trading days in advance of the record date. If the push-out method is to be used, the following documents must be received by TSX’s Advisory Affairs division at least seven trading days in advance of the record date.
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(i) written confirmation of the record date including the time of day ("close of business" will be sufficient for this purpose);

(ii) a notarial or certified copy of the Certificate of Amendment, or equivalent document;

(iii) an opinion of counsel that all the necessary steps have been taken to validly effect the split in accordance with applicable law and that the additional securities will be validly issued as fully paid and non-assessable;

(iv) a written statement as to the date on which it is intended that the additional security certificates will be mailed to the security holders;

(v) the substitutional listing fee (see Section 805); and

(vi) if the stock split is accompanied by a security reclassification,

(1) definitive specimens of the new security certificates; and

(2) a letter from The Canadian Depository for Securities Limited disclosing the CUSIP numbers assigned to each new class of securities (see Section 350).

(d) Where the push-out method is used, the securities will commence trading on TSX on a split basis at the opening of business on the second trading day preceding the record date.

(e) Under the call-in method, the listed issuer implements the stock split by replacing the security certificates currently in the hands of the security holders with new certificates. Letters of Transmittal are sent to the security holders requesting them to exchange their security certificates at the offices of the listed issuer’s transfer agent.

(f) Where the call-in method is to be used, the following documents must be received by TSX’s Advisory Affairs division on or before the day on which the Letters of Transmittal are mailed to the security holders:

(i) two copies of the Letters of Transmittal;

(ii) a notarial or certified copy of the Certificate of Amendment, or equivalent document;

(iii) an opinion of counsel that all the necessary steps have been taken to validly effect the split in accordance with applicable law and that the additional securities will be validly issued as fully paid and non-assessable;

(iv) definitive specimens of the new security certificates;

(v) a copy of the written notice from The Canadian Depository for Securities Limited disclosing the CUSIP numbers assigned to each new class of securities (see Section 350);

(vi) a written statement as to the intended mailing date of the Letters of Transmittal; and

(vii) the substitutional listing fee (see Section 805).

(g) Where the call-in method is used, the securities will normally commence trading on TSX on a split basis at the opening of business two or three trading days after later of the date all required documents are received by TSX and the date the Letters of Transmittal are mailed to the security holders.

(h) Where a listed issuer proposing to split its stock has warrants posted for trading on TSX, the form of warrant certificate must not be changed by virtue of the split, but any new warrant certificate issued by the issuer after the stock split becomes effective must contain a notation disclosing the effect of the stock split on the rights of the warrant holders and a statement that the number of warrants represented by the warrant certificate for trading purposes is equal to the number imprinted in the top right-hand corner (or other location, if appropriate) of the certificate.

621. Stock Consolidation.

(a) A stock consolidation by a listed issuer requires the prior consent of TSX;

(b) A listed issuer undergoing a stock consolidation must meet, post-consolidation, the continued listing requirements contained in Part VII of this Manual (see Section 712);

(c) A stock consolidation must be accompanied by a concurrent change in the colour of the security certificates, or if a generic security certificate is used, a copy of such generic certificate, and a new CUSIP number.

(d) The following documents must be filed with TSX’s Advisory Affairs division on or prior to the day on which the Letters of Transmittal are sent to the security holders:

(i) two copies of the Letters of Transmittal;

(ii) a notarial or certified copy of the Certificate of Amendment, or equivalent document;

(iii) opinion of counsel that all the necessary steps have been taken to validly effect the consolidation in accordance with applicable law;

(iv) a definitive specimen of the new security certificates;

(v) a copy of the written notice from The Canadian Depository for Securities Limited dis-
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The draft circular describing the provisions attaching to the securities:

(b) If TSX conditionally approves the listing of the securities, this fact may be disclosed in the final prospectus, or in other documents, in accordance with the rules set out in Section 346.

c) The minimum public distribution requirements for a supplemental listing are the same as the minimum requirements for original listing as set out in Section 310. However, TSX will give consideration to listing nonparticipating preferred securities that do not meet these requirements if the market value of such securities outstanding is at least $2,000,000 and:

(i) if the securities are convertible into participating securities, such participating securities are listed on TSX and meet the minimum public distribution requirements for original listing, and

(ii) if the securities are not convertible into participating securities, the issuer is exempt from Section 301.

d) The following documents must be filed with TSX's Advisory Affairs division within 90 days of TSX's conditional acceptance of the supplemental listing (or within such later time as TSX may stipulate):

(i) a notarial or certified copy of the resolution of the board of directors of the listed issuer authorizing the application to list the securities;

(ii) a notarial or certified copy of the Certificate of Amendment, or equivalent document, giving effect to the creation of the securities;

(iii) two commercial copies of the final prospectus, or other offering document, if applicable;

(iv) an opinion of counsel that the securities to be listed have been validly created in accordance with applicable law and that the securities are validly issued as fully paid and non-assessable;

(v) a definitive specimen of the security certificate;

(vi) a copy of the written notice from The Canadian Depository for Securities Limited disclosing the CUSIP number(s) assigned to the securities (see Section 350);

(vii) the substitutional listing fee (see Section 805).

SUPPLEMENTAL LISTINGS 623.

(a) A listed issuer proposing to list securities of a class not already listed should apply for the listing by letter addressed to TSX's Advisory Affairs division. The letter must be accompanied by one copy of the preliminary prospectus or, if applicable,
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holders (unless TSX waives this requirement); and

(viii) the supplemental listing fee (see Section 806).

(c) In the case of the listing of securities being offered to the public, the listing may take place prior to the closing of the offering, at the listed issuer’s request. TSX staff will advise the issuer of the requirements in this regard. Any trading that takes place prior to closing will be on an “if, as and when issued” basis.

RESTRICTED SECURITIES

624. (a) Except as otherwise provided in this Section 624, TSX’s requirements respecting the listing of Restricted Securities (as defined in Subsection 624(b)) are applicable to all listed issuers having Restricted Securities listed on TSX, regardless of when the securities were listed. This Section needs to be read as a whole and in conjunction with OSC Rule 56-501. One of the principal objectives of this Section 624 is to alert investors of the fact that there are differences in the voting powers attached to the different securities of an issuer. This Section applies to non-incorporated entities to the extent applicable to ensure that the objective of this Section is met.

(b) For the purposes of this Section 624:

(i) “Common Securities” means Residual Equity Securities that are fully franchised, in that the holder of each such security has a right to vote each security in all circumstances calling for a vote under the applicable corporate or governing legislation, irrespective of the number of securities owned, that is not less, on a per security basis, than the right to vote attaching to any other security of an outstanding class of securities of the listed issuer;

(ii) “Non-Voting Securities” means Restricted Securities which do not carry the right to vote at security holders’ meetings but another class of securities of the same listed securities carries a greater right to vote, on a per security basis.

(iii) “Preference Securities” means securities to which there is attached a genuine and non-specious preference or right over any class of Residual Equity Securities of the listed issuer;

(iv) “Residual Equity Securities” means securities which have a residual right to share in the earnings of the listed issuer and in its assets upon liquidation or winding up;

(v) “Restricted Securities” means Residual Equity Securities which are not Common Securities;

(vi) “Restricted Voting Securities” means Restricted Securities which carry a right to vote which is subject to some limit or restriction on the number or percentage of securities which may be voted by a person or company or group of persons or companies (except where the restriction or limit is applicable only to persons or companies who are not Canadians or residents of Canada); and

(vii) “Subordinate Voting Securities” means Restricted Securities, which carry a right to vote at security holders’ meetings but another class of securities of the same listed securities carries a greater right to vote, on a per security basis.

(c) The legal designation of a class of securities, which shall be set out in the constituting documents of the listed issuer and which shall appear on all security certificates representing such securities, shall, except where the securities are Preference Securities and are legally designated as such, include the words:

(i) “subordinate voting” if the securities are Subordinate Voting Securities;

(ii) “non-voting” if the securities are Non-Voting Securities;

(iii) “restricted voting” if the securities are Restricted Voting Securities;

or such other appropriate term as TSX may approve from time to time.

(d) TSX will abbreviate the above designations for Restricted Securities in certain publications of TSX and will identify Restricted Securities in the quotations prepared for the financial press with a code. Brief explanations of the abbreviation or code, as determined by TSX from time to time, will appear as a footnote in such publications and quotations.

(e) A class of securities may not include the word “common” in its legal designation unless such securities are Common Securities.

(f) A class of securities may not be designated as “preference” or “preferred” unless, in the opinion of TSX, there is attached thereto a genuine and non-specious right or preference. Whether a class of securities has attached thereto a genuine and non-specious right or preference is a question of fact to be determined by examining all of the relevant circumstances.

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(g) TSX may, subject to such terms and conditions as it may impose:

(i) exempt a listed issuer from the designation requirements of Subsections 624(c), (d), (e) and (f);

(ii) permit or require the use by a listed issuer, in respect of any class of securities, of a designation other than that set forth in Subsections 624(c), (d), (e) and (f); and

(iii) deem a class of securities to be Non-Voting, Subordinate Voting, or Restricted Voting Securities and require a listed issuer to designate such securities in a manner satisfactory to TSX notwithstanding that such securities do not fall within the applicable definition set out in Subsection 624(b).

In exercising its discretion, TSX will be guided by the public interest and the principles of disclosure underlying this Section 624.

(h) Every listed issuer shall give notice of security holders’ meetings to holders of Restricted Securities and permit the holders of such securities to attend, in person or by proxy, and to speak at all security holders’ meetings to the extent that a holder of Voting Securities of that listed issuer would be entitled to attend and to speak at security holders’ meetings. The notice shall be sent to holders of Restricted Securities at least 21 days in advance of the meeting. Issuers applying for listing, whether by way of an original listing application or notice of a capital reorganization, shall include such rights in their charter documents.

(i) Every listed issuer whose Restricted Securities are listed on TSX shall describe the voting rights, or lack thereof, of all Residual Equity Securities of the listed issuer in all documents, other than financial statements, sent to security holders and filed with TSX. Such documents include, but are not limited to, information circulars, proxy statements and directors’ circulars.

(j) Unless exempted by TSX, every listed issuer shall send concurrently to all holders of Residual Equity Securities all informational documents required by applicable law or TSX requirements to be sent to holders of Voting Securities, or voluntarily sent to holders of Voting Securities in connection with a specific meeting of security holders. Such documents would include, but not be limited to, information circulars, notices of meeting, annual reports and financial statements.

(k) Where TSX requirements contemplate security holder approval, TSX may, in its discretion, require that such approval be given at a meeting at which holders of Restricted Securities are 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. See, for example, Sections 613 and 626.

(l) TSX will not accept for listing classes of Restricted Securities that do not have take-over protective provisions ("coattails") meeting the criteria below. The actual wording of a coattail is the responsibility of the listed issuer and must be pre-cleared with TSX.

(1) If there is a published market for the Common Securities, the coattails must provide that if there is an offer to purchase Common Securities that must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Common Securities are listed, be made to all or substantially all holders of Common Securities who are in a province of Canada to which the requirement applies, the holders of Restricted Securities will be given the opportunity to participate in the offer through a right of conversion, unless:

(i) an identical offer (in terms of price per security and percentage of outstanding securities to be taken up exclusive of securities owned immediately prior to the offer by the offeror, or associates or affiliates of the offeror, and in all other material respects) concurrently is made to purchase Restricted Securities, which identical offer has no condition attached other than the right not to take up and pay for securities tendered if no securities are purchased pursuant to the offer for Common Securities; or

(ii) less than 50% of the Common Securities outstanding immediately prior to the offer, other than Common Securities owned by the offeror, or associates or affiliates of the offeror, are deposited pursuant to the offer.

(2) If there is no published market for the Common Securities, the holders of at least 80% of the outstanding Common Securities will be required to enter into an agreement with a trustee for the benefit of the holders of Restricted Securities from time to time, which agreement will have the effect of preventing transactions that would deprive the holders of Restricted Securities of rights under applicable take-over bid legislation to which they would have been entitled in the event of a take-over bid if the Common Securities had been Restricted Securities.

Where there is a material difference between the equity interests of the Common Securities and Restricted Securities, or in other special circumstances, TSX may permit or require appropriate modifications to the above criteria.
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The criteria are designed to ensure that the fact that Common Securities are not of the same class as Restricted Securities will not prevent the holders of Restricted Securities from participating in a take-over bid on an equal footing with the holders of Common Securities. If, in the face of these coattails, a take-over bid is structured in such a way as to defeat this objective, TSX may take disciplinary measures against any person or company or listed issuer under the jurisdiction of TSX who is involved, directly or indirectly, in the making of the bid. TSX may also seek intervention from regulators in appropriate cases.

Where a listed issuer has an outstanding class of securities that carry more than one vote per security but are not Common Securities, coattails will be considered on an individual basis. Coattails may also be required by TSX in the case of a listed issuer that has more than one outstanding class of voting securities but no securities that fall within the definition of Restricted Securities.

This Subsection 624(1) does not apply to classes of Restricted Securities that were listed on TSX prior to August 1, 1987, but if any listed issuer proposes to remove, add or change coattails attaching to such listed Restricted Securities, the proposal must be pre-cleared by TSX and must comply with this Section 624. Subsection 624(1) will apply to any new class of Restricted Securities applied for listing by a listed issuer having securities listed on TSX prior to August 1, 1987.

(m) TSX will not consent to the issuance by a listed issuer of any securities that have voting rights greater than those of the securities of any class of listed voting securities of the listed issuer, unless the issuance is by way of a distribution to all holders of the listed issuer's voting Residual Equity Securities on a pro rata basis.

For this purpose, the voting rights of different classes of securities will be compared on the basis of the relationship between the voting power and the equity for each class. For example, Class B Shares will be considered to have greater voting rights than Class A Shares if:

(i) the shares of the two classes have similar rights to participate in the earnings and assets of the company, but the Class B Shares have a greater number of votes per share; or

(ii) the two classes have the same number of votes per share, but it is proposed that Class B Shares will be issued at a price per share significantly lower than the market price per share of the Class A Shares.

This prohibition relates only to differences in voting rights attaching to securities of separate classes. It does not apply to an issuance of securities that reduces the collective voting power of the other outstanding securities of the same class without affecting the voting power of any other outstanding class, although other TSX policies may be applicable in this case. It also does not apply to a stock split of all of a listed issuer’s outstanding Residual Equity Securities for a stock dividend that has the same effect if the stock split does not change the ratio of outstanding Restricted Securities to Common Securities.

TSX generally will exempt listed issuers from this Subsection 624(m) in the case of an issuance of multiple voting securities that would maintain (but not increase) the percentage voting position of a holder of multiple voting securities, subject to any conditions TSX may consider desirable in any particular case. One condition will be minority approval of security holders, as defined in Subsection 624(n) unless the legal right of the holder of multiple voting securities to maintain its voting percentage has been established and publicly disclosed prior to the later of November 6, 1989 and the time the listed issuer was first listed on TSX.

This Subsection 624(m) is intended to prevent transactions, which would reduce the voting power of existing security holders through the use of securities carrying multiple voting rights. This result would normally be accomplished by way of an issuance of multiple voting securities. However, it is possible to arrive at the same result by means of mechanisms that are not technically “security issuances” such as amendments to security conditions, amalgamations and plans of arrangement. TSX may object to and/or impose such conditions, which it may consider desirable on any transaction that would result in voting dilution similar to that which would be brought about by the issuance of multiple voting security, even if no security issuance is involved.

A pro rata distribution to security holders that creates or affects Restricted Securities must be subject to minority approval of security holders as described in Subsection 624(n).

(n) TSX will not consent to a capital reorganization or pro rata distribution of securities to security holders of a listed issuer, which would have the effect of creating a class of Restricted Securities or changing the ratio of outstanding Restricted Securities to Common Securities, unless the proposal receives minority approval. For this purpose, minority approval means approval given by a majority of the votes cast at a security holders’ meeting called to consider the proposal, other than votes attaching to securities beneficially owned by:

(i) any person or company that beneficially owns, directly or indirectly, securities carrying more than 20% of the votes attaching to all outstanding voting securities of the listed issuer;

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(ii) any associate, affiliate or insider (each as defined in the OSA) of any person or company excluded by virtue of (i);  
(iii) any person or company excluded by virtue of OSC Rule 56-501; and  
(iv) if (i) and (iii) are both inapplicable, all directors and officers of the listed issuer and their associates (as defined in the OSA).

TSX may require that persons or companies not specified above be excluded from a particular minority security holder vote if this is considered necessary to ensure that the objectives behind this Subsection 624(m) are not defeated. A transaction generally will only be regarded as a "capital reorganization" for the purposes of the minority approval requirement if it involves a subdivision of one or more classes of Residual Equity Securities or if it has an effect similar to a pro rata distribution to holders of one or more classes of Residual Equity Securities. If a proposed capital reorganization would reduce the voting power of the existing security holders through the use of securities carrying multiple voting rights, TSX may regard the proposed reorganization as equivalent, in substance, to the type of security issuance that is prohibited by Subsection 624(m). This could be the case, for example, where the reorganization would not treat all holders of Residual Equity Securities in an identical fashion. In this case, TSX may not consent to the reorganization even with minority approval.

An issuance of Restricted Securities in the form of a stock dividend paid in the ordinary course will be exempted from the minority approval requirement. For this purpose, stock dividends generally will be regarded as being paid in the ordinary course if the aggregate of such dividends over any one-year period does not increase the number of outstanding Residual Equity Securities of the listed issuer by more than 10%.

(a) TSX may, where it determines that it is in the public interest to do so, exempt a listed issuer from compliance with this Section 624 or any requirement thereof, subject to such terms and conditions as TSX may impose. In special circumstances, TSX may also set requirements or restrictions in addition to those set out in this Section 624 having regard to the public interest and the principles underlying this Section 624.

REDEMPTIONS OF LISTED SECURITIES

625. (a) Where a listed issuer proposes to redeem, or partially redeem, listed securities, one copy of the notice of redemption must be filed with TSX's Advisory Affairs division concurrently with the sending of the notices to the security holders, but in any event no later than seven trading days prior to the redemption date. For a full redemption of a list class of securities, such securities will normally be delisted from TSX at the close of business on the redemption date.

(b) Where a listed issuer redeems or partially redeems securities which were convertible into listed securities, the listed issuer must advise TSX, as soon as possible after the redemption date, of the number of securities which were authorized for issuance for potential conversion of the redeemed securities but were not in fact issued. TSX will adjust its listing records accordingly.

BACKDOOR LISTINGS

626. (a) A "backdoor listing" occurs when an issuance of securities of a listed issuer results, directly or indirectly, in the acquisition of the listed issuer by an unlisted issuer and a change in effective control of the listed issuer. A transaction giving rise to a backdoor listing may take one of a number of forms, including an issuance of securities for assets, an amalgamation or a merger. Such transactions will normally be regarded as backdoor listings if they would (or potentially could) result in the change in effective control of the listed issuer.

Any securities issued or issuable upon a concurrent private placement upon which the backdoor transaction is contingent or otherwise linked will be included in determining if the backdoor transaction results in the security holders of the listed issuer owning less than 50% of the securities or voting power of the resulting company, with an accompanying change in effective control of the listed issuer.

(b) Where TSX determines that a proposed transaction would constitute a backdoor listing, the approval procedure is similar to that of an original listing application. The listed issuer resulting from the combination must meet all the original listing requirements of TSX, unless the unlisted entity meets the original listing requirements of TSX, except for the public distribution requirements, and the entity resulting from the combination:

(i) meets the public distribution requirements for original listing;  
(ii) would appear to have a substantially improved financial condition as compared to the listed issuer; and  
(iii) has adequate working capital to carry on the business.

(c) The transaction must also be approved by the security holders of the listed issuer's participating securities at a meeting prior to completion of the
transaction. For this purpose, holders of Restricted Securities, as defined in Section 624, 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 issuer.

TSX's approval of a backdoor listing must be obtained before the transaction is submitted to security holders for approval. If this is impracticable, the information circular sent to security holders must include a statement that the proposed transaction is subject to the acceptance of TSX.

TSX will require the listed issuer to file a draft of the information circular with TSX for review before the sending of the circular to the security holders.

TAKE-OVER BIDS AND ISSUER BIDS

627. (a) Where a take-over bid or issuer bid is made for securities of a listed issuer, it is the responsibility of the target issuer to ensure that one copy of the offering circular, directors' circular and all other materials sent to the security holders in connection with the bid are filed with TSX's Advisory Affairs division either concurrently with the sending of materials to the security holders or as quickly as possible thereafter.

(b) The rules for take-over bids and issuer bids are prescribed by securities legislation and, in some cases, corporate legislation. See, for example, Part XX of the OSA.

c) Participating Organizations of TSX who are registered owners, or holders through nominees or depositories, of securities beneficially owned by clients, and who are furnished with sufficient copies of any take-over bid circular, issuer bid circular or directors' circular or similar document in respect of such securities, must forthwith send to each beneficial owner a copy of such material if the target issuer, or other sender of the material, or beneficial owner has agreed to bear the costs of so doing.

NORMAL COURSE ISSUER BIDS

628. General.

(a) In Sections 628 and 629:

(i) "normal course issuer bid" means an issuer bid by an issuer to acquire its listed securities where the purchases:

(a) do not, when aggregated with the total of all other purchases in the preceding 30 days, aggregate more than 2% of the securities of that class outstanding on the date of acceptance of the notice of normal course issuer bid by TSX, provided that this Subsection 628(a) will not apply for the duration of the normal course issuer bid to issuers who, on the date of acceptance of the notice of their normal course issuer bid by TSX, have an average trading value per day on TSX of $10,000,000 or more for the previous three months; and

(b) over a 12-month period, commencing on the date specified in the notice of the normal course issuer bid, do not exceed the greater of

(i) 10% of the public float on the date of acceptance of the notice of normal course issuer bid by TSX, or

(ii) 5% of such class of securities issued and outstanding on the date of acceptance of the notice of normal course issuer bid by TSX, excluding any securities held by or on behalf of the issuer on the date of acceptance of the notice of normal course issuer bid by TSX, whether such purchases are made through the facilities of a stock exchange or otherwise, but excluding purchases made under a circular bid;

(ii) "principal security holder" of an issuer means a person or company who beneficially owns or exercises control or direction over more than 10% of the issued and outstanding securities of any class of voting securities or equity securities of the issuer; and

(iii) "public float" means the number of securities of the class which are issued and outstanding, less the number of securities of the class beneficially owned, or over which control or direction is exercised by:

(a) every senior officer or director of the listed issuer;

(b) every principal security holder of the listed issuer; and

(c) the number of securities that are pooled, escrowed or non-transferable.

(c) For the purposes of Sections 628 and 629, a purchase shall be deemed to have taken place when the offer to buy or the offer to sell, as the case may be, is accepted.

(d) For the purposes of Sections 628 and 629,

(i) the beneficial ownership of securities of an offeror or of any person or company acting jointly or in concert with the offeror shall be determined in accordance with section 90 of the OSA; and
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(ii) where any person or company is deemed by Subsection (a) of this Section to be the beneficial owner of unissued securities, the number of outstanding securities of a class in respect of an offer to acquire shall be determined in accordance with subsection 90(3) of the OSA.

(e) For the purposes of Sections 628 and 629, whether a person or company is acting jointly or in concert with an offeror shall be determined in accordance with section 91 of the OSA.

629. Special Rules Applicable to Normal Course Issuer Bids.

(a) The filing of a notice is a declaration by the issuer that it has a present intention to acquire securities. The notice should set out the number of securities that the issuer’s board of directors has determined may be acquired rather than simply reciting the maximum number of securities that may be purchased pursuant to Section 629. A notice is not to be filed if the issuer does not have a present intention to purchase securities.

(b) TSX will not accept a notice if the issuer would not meet the criteria for continued listing on TSX, assuming all of the purchases contemplated by the notice were made.

(c) TSX requires that the issuer prepare and submit to TSX a draft of the notice containing the information prescribed by Form 13, Notice of Intention to Make a Normal Course Issuer Bid found in Appendix H. When the notice is in a form acceptable to TSX, the issuer shall file the notice in final form, duly executed by a senior officer or director of the issuer, for acceptance by TSX. The final form of the notice must be filed at least two clear trading days prior to the commencement of any purchases under the bid.

(d) A normal course issuer bid shall not extend for a period of more than one year from the date on which purchases may begin.

(e) The issuer will generally issue a press release indicating its intention to make a normal course issuer bid, subject to TSX acceptance, prior to acceptance of the executed notice by TSX. The press release shall summarize the material aspects of the contents of the notice, including the number of securities sought, the method of disposition of the securities, a statement that the issuer is relying on the high volume exemption in Section 628(a)(i), if applicable, the reason for the bid and details of previous purchases, including the number of securities purchased and the average price paid. If a press release has not already been issued, a draft press release must be provided to TSX and the issuer shall issue a press release as soon as the notice is accepted by TSX. A copy of the final press release shall be filed with TSX.

(f) The issuer shall include a summary of the material information contained in the notice in the next annual report, information circular, quarterly report or other document mailed to security holders. The document should indicate that security holders may obtain a copy of the notice, without charge, by contacting the issuer.

(g) A normal course issuer bid may commence on the date that is two trading days after the later of:

(i) the date of acceptance by TSX of the issuer’s notice in final executed Form 13; or

(ii) the date of issuance of the press release required by Subsection (e) of this Section 629.

(h) Upon acceptance of the notice, TSX will publish a summary notification of the normal course issuer bid in its Daily Record.

(i) During a normal course issuer bid, an issuer may determine to amend its notice by increasing the number of securities sought while not exceeding the maximum percentages referred to in the definition of normal course issuer bid. The issuer may do so by issuing a press release and advising TSX in writing.

(j) A trustee or other purchasing agent (hereinafter referred to as a “trustee”) for a pension, stock purchase, stock option, dividend reinvestment or other plan in which employees or security holders of a listed issuer may participate, is deemed to be making an offer to acquire securities on behalf of the listed issuer where the trustee is deemed to be non-independent. Trustees that are deemed to be non-independent are subject only to Subsections 629(j) and (k) and to the limits on purchases of the issuer’s securities prescribed by the definition of “normal course issuer bid”. Trustees that are non-independent must notify TSX before commencing purchases. A trustee is deemed to be non-independent where:

(i) the trustee (or one of the trustees) is an employee, director associate or affiliate of the issuer; or

(ii) the issuer, directly or indirectly, has control over the time, price, amount and manner of purchases or the choice of the broker through which the purchases are to be made. The issuer is not considered to have control where the purchase is made on the specific instructions of the employee or security holder who will be the beneficial owner of the securities.

TSX should be contacted where there is uncertainty as to the independence of the trustee.

(k) Within 10 days of the end of each month in which any purchases are made, whether the securi-
ties were purchased through the facilities of TSX or otherwise, the issuer shall report its purchases to TSX stating the number of securities purchased during its purchases that month, giving the average price paid and stating whether the securities have been cancelled, reserved for issuance or otherwise dealt with. Nil reports are not required. The notice must be on Form 1 "Change in Outstanding and Reserved Securities" found in Appendix H. The issuer may delegate the reporting requirement to the Participating Organization appointed to make its purchases; however, the issuer bears the responsibility of ensuring timely reports are made. TSX periodically publishes a list of securities purchased pursuant to normal course issuer bids.

This paragraph also applies to purchases by non-independent trustees and to purchases by any party acting jointly or in concert with the issuer.

(f) TSX has set the following rules for issuers and Participating Organizations acting on their own behalf:

1. Price Limitations — It is inappropriate for an issuer making a normal course issuer bid to abnormally influence the market price of its securities. Therefore, purchases made by issuers pursuant to a normal course issuer bid shall be made at a price which is not higher than the last independent trade of a board lot of the class of securities which is the subject of the normal course issuer bid. In particular, the following are not "independent trades":

   (a) trades directly or indirectly for the account of or for an account under the direction of an insider of the issuer, or any associate or affiliate of either the issuer or an insider of the issuer;

   (b) trades for the account of or for an account under the direction of the Participating Organization making purchases for the bid, and

   (c) trades solicited by the Participating Organization making purchases for the bid.

2. Prearranged Trades — It is important to investor confidence that all holders of identical securities be treated in a fair and even-handed manner by the issuer. Therefore, a cross or pre-arranged trade is not generally permitted.

3. Private Agreements — It is the view of TSX that it is in the interest of security holders that transactions pursuant to an issuer bid should be made in the open market. This philosophy is also reflected in the OSA, which provides very limited exemptions for private agreement purchases. TSX, therefore, will not generally accept a notice which indicates that purchases will be made other than by means of open market transactions.

4. Sales from Control — Purchases pursuant to a normal course issuer bid shall not be made from a person or company effecting a sale from control block pursuant to Part 2 of Multilateral Instrument 45-102 and Section 634630 of this Manual. It is the responsibility of the Participating Organization acting as agent for the issuer to ensure that it is not bidding in the market for the normal course issuer bid at the same time as a Participating Organization is offering the same class of securities of the issuer under a sale from control.

5. Purchases During a Take-Over Bid — An issuer shall not make any purchases of its securities pursuant to a normal course issuer bid during a take-over bid for those securities. This restriction applies during the period from the first public announcement of the bid until the termination of the period during which securities may be deposited under such bid, including any extension thereof. This restriction does not apply to purchases made solely as a trustee pursuant to a pre-existing obligation under a pension, stock purchase, stock option, dividend reinvestment or other plan.

In addition, if the issuer is making a securities exchange take-over bid, it shall not make any purchases of the security offered in the bid pursuant to OSC Policy 62-601.

(m) The issuer shall appoint only one Participating Organization at any one time as its broker to make purchases. The issuer shall inform TSX in writing of the name of the responsible broker. The Participating Organization shall be provided with a copy of the notice and be instructed to make purchases in accordance with the provisions of Sections 628, 629, 630634, 631635 and 632636 and the terms of such notice. TSX will look to its Participating Organizations to make purchases in accordance with such instructions. To assist TSX in its surveillance function, the issuer is required to receive the written consent of TSX where it intends to change its broker.

(n) Failure to comply with any requirement herein may result in the suspension of the bid.

(o) Reference is made to Section 423.4 and issuers are reminded that all purchases under a normal course issuer bid are subject to insider trading restrictions.

SALES FROM CONTROL BLOCK THROUGH THE FACILITIES OF THE EXCHANGE

630. Responsibility of Participating Organization and Seller.
It is the responsibility of both the selling security holder and Participating Organization (as defined in TSX Rule Book) acting on their behalf to ensure compliance with TSX requirements and applicable securities laws. In particular, Participating Organizations and selling security holders should familiarize themselves with the procedures and requirements set out in Part 2 of Multilateral Instrument 45-102.

631. Sales Pursuant to an Order or Exemption.

If securities are to be sold from a control block pursuant to an order made under section 74 of the OSA or an exemption contained in subsection 72(1) of the OSA 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 OSA or Multilateral Instrument 45-102. Sales of securities subject to a hold period are special terms trades and will normally be permitted to take place on TSX without interference.


1. Filing — The seller shall file “Form 45-102 F3 — Notice of Intention to Distribute Securities and Accompanying Declaration” under subsection 2.8 of Multilateral Instrument 45-102 with TSX at least seven calendar days and no more than 14 days prior to the first trade made to carry out the distribution.

2. Notification of Appointment of Participating Organization — The seller must notify TSX of the name of the Participating Organization which will act on behalf of the seller. The seller shall not change the Participating Organization without prior notice to TSX.

3. Acknowledgement of Participating Organization — The Participating Organization acting as agent for the seller shall give notice to TSX of its intention to act on the sale from control, and such notice shall be accepted in writing by TSX, before any sales commence.

4. Report of Sales — The Participating Organization shall report in writing to the Advisory Affairs Division of TSX on the last day 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 Participating Organization shall so report forthwith in writing to TSX.

5. Issuance of Exchange Bulletin — TSX shall issue a bulletin respecting the proposed sale from control which bulletin will contain the name of the seller, the number of securities of the listed company held by the seller, the number proposed to be sold, and any other information that TSX considers appropriate.

TSX may issue further bulletins from time to time regarding the sales made by the seller.

6. Special Conditions — TSX 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 TSX which is made by another person or company acting independently.

7. Term and Renewal — The initial filing of Form 45-102 F3 is valid for a period of 60 days and a renewal of the Form 45-102 F3 must be filed with TSX every 28 days thereafter if sales are to continue.

8. First Sale — The first sale cannot be made until at least seven calendar days after the filing of Form 45-102 F3 and the first sale under the initial Form 45-102 F3 must be made within 14 calendar days of the filing.


1. Private Agreements — A Participating Organization is not permitted to participate in sales from control by private agreement transactions. If Participating Organizations are to participate, transactions must be executed on TSX or the transactions must be exempt from the requirement to be conducted on TSX in accordance with Rule 4-102.

2. Normal Course Issuer Bids — If the issuer of the securities which are the subject of the sale from control block is undertaking a normal course issuer bid in accordance with Section 629 of this Manual, the normal course issuer bid and the sale from control block will be permitted on the condition that:

   (a) the Participating Organization acting for the issuer confirms in writing to TSX that it will not bid for securities on behalf of the issuer at a time when securities are being offered on behalf of the control block seller.

   (b) the Participating Organization acting for the control block seller confirms in writing to TSX that it will not offer securities on behalf of the control block seller at a time when securities are being bid for under the issuer bid, and

   (c) transactions in which the issuer is on one side and the control block seller on the other are not permitted.

3. 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 45-102 F3 with TSX.
4. Crosses — A Participating Organization may distribute the whole of a control block sale to its own clients by means of a cross. Established crossing rules require that, prior to execution, all orders that are entered on any Canadian exchange at better prices than the price of the proposed cross must be filled in full. If the market is to be moved before execution of a cross, the responsible registered trader should be notified in advance.

SECURITY HOLDER RIGHTS PLANS

634. General.

(a) Security holder rights plans (commonly referred to as "poison pills") fall under TSX's jurisdiction by virtue of Section 601 which requires listed issuers to pre-clear with TSX any potential issuance of equity securities.

(b) TSX neither endorses nor prohibits the adoption of poison pills generally or in connection with any particular take-over bid. The securities commissions in Canada are responsible for reviewing the propriety or operation of take-over bid defensive tactics pursuant to National Policy 62-202, including the adoption of a poison pill after the announcement or commencement of a hostile take-over bid. In the latter example, TSX will defer its review of such a poison pill until after the appropriate securities commission has determined whether it will intervene pursuant to National Policy 62-202.

(c) TSX believes that security holders of the listed issuer should have the opportunity to decide whether the continued existence of a plan that has been adopted by the board of directors of the listed issuer in the normal course of affairs (i.e. absent a threatened or actual specific take-over bid) is in the security holders' best interests.

635. Filing and Listing Procedure.

(a) A draft of the proposed security holder rights plan (the "plan") or poison pill should be filed with TSX Advisory Affairs division along with a covering letter requesting TSX accept the plan for filing. The letter must include the following:

(i) a statement as to whether the listed issuer is aware of any specific take-over bid for the listed issuer that has been made or is contemplated, together with full details regarding any such bid;

(ii) a description of any unusual features of the plan; and

(iii) a statement as to whether the plan treats any existing security holder differently from other security holders. The usual example of this is where, at the time of the plan's adoption a security holder (or group of related security holders) owns a percentage of securities that exceeds the triggering ownership threshold identified in the plan but such security holder is exempted from the operation of the plan.

(b) If a listed issuer adopts a plan without pre-clearance from TSX, the listed issuer must:

(i) publicly announce the adoption of its plan as subject to TSX acceptance, and

(ii) as soon as possible after the adoption of the plan, file with TSX a copy of the plan along with the covering letter described in Subsection 635(a).

(c) If TSX consents to the adoption of a plan, the rights issued to security holders will be automatically listed on TSX when those securities are issued. The rights will not appear as a separate entry on TSX trading list. There is a filing fee described in Section 811 that is payable to TSX for its review of the plan.

636. TSX Approach.

(a) If a plan is adopted at a time when the listed issuer is not aware of any specific take-over bid for the listed issuer that has been made or is contemplated, TSX will not generally refuse the plan for filing, provided that it is ratified by the security holders of the listed issuer at a meeting held within six months following the adoption of the poison pill. Pending such security holder ratification, the plan is allowed to be in effect so that its intent is not circumvented prior to the security holders meeting. If security holders do not ratify the plan by the required time, the plan must be immediately cancelled and any rights issued thereunder must be immediately redeemed or cancelled.

(b) In cases where a particular security holder may be exempted from the operation of a plan even though the security holder's percentage holding exceeds the plan's triggering ownership threshold, TSX will normally require that the plan be ratified by a vote of security holders that excludes the votes of the exempted security holder and its associates, affiliates and insiders (as these terms are defined in the OSA), as well as by a vote that does not exclude such security holder.

(c) If a plan can be reasonably perceived to have been proposed or adopted as a response to a specific take-over bid for a listed issuer that has been made or is contemplated, TSX will normally defer its decision on whether to consent to the plan until the OSC has had the opportunity to consider whether it will initiate proceedings by virtue of National Policy 62-202 regarding defensive tactics. If the OSC chooses not to intervene, TSX will generally not object to the adoption of a poison pill, subject to security holder ratification as described.

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in Subsections 636(a) and (b) and subject to Sections 634, 635 and 637.

637. Plan Amendment.

No amendment of a plan that has been adopted by a listed issuer may be made without the prior written consent of TSX. In order to seek such consent, the listed issuer must file with TSX's Advisory Affairs division (i) a black-lined draft of the amended plan, (ii) a letter that summarizes the proposed changes to the plan, and (iii) the requisite filing fee payable to TSX (see Section 811).

ODD LOT SELLING AND PURCHASE ARRANGEMENTS

638. General.

(a) An odd lot of securities is less than a board lot. Listed issuers may reduce the number of holders of odd lots by using the procedure in Section 639.

(b) The procedure described in Section 639 is intended to facilitate odd lot sales at a reasonable cost to listed issuers. It is consistent with the objective of TSX to enhance the marketability of small holdings.

(c) The procedure described in Section 639 must be followed where a listed issuer seeks the assistance of a Participating Organization to solicit odd lots for resale on TSX, or to offer to defray the commissions payable by odd lot holders in acquiring additional securities on TSX to make up a board lot.

639. Procedures Applicable to Odd Lot Selling and Purchase Arrangements.

(a) Under an odd lot selling arrangement (a "Selling Arrangement") a listed issuer agrees to pay a fee per odd lot account to Participating Organizations to sell listed securities on behalf of odd lot holders. Under an odd lot purchase arrangement (a "Purchase Arrangement", together with a Selling Arrangement referred to herein as an "Arrangement") a listed issuer agrees to pay a fee per odd lot account to Participating Organizations to purchase a sufficient number of listed securities on behalf of odd lot holders to constitute a board lot.

(b) The listed issuer shall request odd lot holders wishing to take advantage of an Arrangement to either:

(1) place orders under the Arrangement with any Participating Organization of TSX; or

(2) transmit orders under the Arrangement directly to the listed issuer or an agent (such as a broker or transfer agent) designated by it.

If option (1) is selected, a Participating Organization shall be appointed as manager of the Arrange-

(c) Trading Odd Lots. A Selling Arrangement may be carried out in one of two ways:

(1) the listed securities tendered by odd lot holders must be aggregated into board lots and sold promptly by a Participating Organization on TSX, or

(2) the listed securities must be sold promptly in the form of odd lots through the minimum guarantee fill system ("MGF"). In the event that odd lots are sold through the MGF the responsible Registered Trader will aggregate odd lots for resale in the normal course of his activities.

Similarly, under a Purchase Arrangement a Participating Organization must promptly acquire a sufficient number of listed securities to increase an odd lot holder's holding to a full board lot either (1) by purchases by the Participating Organization on TSX, or (2) through the MGF.

(d) Rules Applicable to Arrangements through Participating Organizations. The following applies to Arrangements where odd lot holders are to place orders with any Participating Organization of TSX (option (1) under Subsection 639(b)).

(i) It is anticipated that many odd lot holders will not currently have an account with a Participating Organization. In order to simplify the administration of an Arrangement being effected through Participating Organizations new account forms are not required to be completed for odd lot holders and transactions made pursuant to an Arrangement may be effected through an omnibus account. The Participating Organization must maintain proper records of orders as required by TSX Rule 2-404 "Records of Orders".

(ii) If required by the listed issuer, Participating Organizations selling odd lots on behalf of clients under a Selling Arrangement, or pur-
ping/chasing listed securities under a Purchase Arrangement, shall prepare a signed statement that to the best of the knowledge of the repre-
sentative of the Participating Organization the listed securities of each named beneficial owner sold under a Selling Arrangement con-
stitute all of the listed securities owned by such beneficial owner and that the number of listed securities purchased under a Purchase Arrangement for each named beneficial owner is the number of listed securities required to increase each beneficial owner's holding to the level of one board lot, as the case may be, and
shall keep each such statement in its files for inspection by TSX. Participating Organizations are not required to disclose the names of their clients to the Manager of an Arrangement or the listed issuer.

(iii) In the event that odd lots are held in the name of a Participating Organization on behalf of a customer who wishes to sell his listed securities pursuant to a Selling Arrangement, the Participating Organization shall either (A) sell such listed securities on behalf of the customer pursuant to the Arrangement, (B) provide the customer with deliverable listed securities in order to permit the customer to tender such securities to another Participating Organization along with a certificate stating that, to the best of the Participating Organization’s knowledge, the customer held a stated number of listed securities as of the record date of the Arrangement, or (C) tender such listed securities to another Participating Organization who is willing to sell the listed securities pursuant to the Arrangement on behalf of the customer.

(iv) The Manager shall maintain records of the transactions effected by Participating Organizations pursuant to the Arrangement. Participating Organizations shall report such transactions to the Manager on a weekly basis. The Manager shall remit the amount offered by the listed issuer per odd lot account promptly after the receipt of each weekly report. The amount receivable by each Participating Organization is required to be used, in its entirety, to replace or reduce the normal brokerage commissions otherwise payable by odd lot holders.

(v) The price received or to be paid for an odd lot shall be the quoted price at which the trade is executed by the Participating Organization. If the listed securities of an odd lot holder are sold or purchased as part of more than one board lot and different prices are received or paid, the amount remitted to the customer, or paid by the customer, shall be the average price and the confirmation must disclose that an average price has been used and must list the prices at which the trades were made.

(vi) Obligations to Odd Lot Holders. A Participating Organization must obtain the best price available for its customer (the odd lot holder) in executing trades pursuant to an Arrangement. Notwithstanding any financial arrangement with the listed issuer, Participating Organizations must satisfy their fiduciary duty to odd lot holders in accordance with this Policy and applicable law. The listed issuer shall not, directly or indirectly, influence the time, price, amount or manner of sales or purchases of odd lots.

Subject to any agreement to the contrary, Participating Organizations may acquire or sell odd lots in principal transactions in accordance with TSX Policy 4-502 “Exposure of Client Orders” and TSX Rule 4-502 “Client Principal Trading”. Participating Organizations may not be a prominent influence in the market for the listed securities at a time when a principal transaction is proposed to be executed.

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dance with Subsection 639(h) in order to ensure that odd lots will not be broken up in order to participate in the Arrangement.

An Arrangement is required to be extended to both registered holders of odd lots and beneficial owners of odd lots registered in nominee form. TSX will approve an Arrangement directed to the holders of a specific number of listed securities or less that does not include all odd lot holders where it is satisfied that holders of more than the specified number of listed securities are not disadvantaged as a result of minimum commission rates.

The TSX recognizes an exception from the requirement that either type of Arrangement be extended to all odd lot holders in the case of participants in stock ownership plans established by a listed issuer for its employees and in the case of participants in dividend reinvestment plans. Since plans of this kind are intended to promote security ownership as an incentive to employees and security holders and provide a special advantage to its participants listed issuers may wish to exclude plan participants from an Arrangement. Accordingly, a listed issuer will be permitted to exclude from an Arrangement any participant in a bonus, profit-sharing, pension, retirement, incentive, stock purchase, stock ownership, stock option or similar plan instituted for employees of the listed issuer or its subsidiaries or any participant in a dividend reinvestment plan instituted by the listed issuer.

(ii) Duration of an Arrangement. An Arrangement is required to remain open for at least thirty calendar days from acceptance by TSX in order to ensure adequate dissemination of information. An Arrangement may continue for a maximum period of ninety calendar days and may thereafter be renewed with the prior written consent of TSX for two additional thirty day periods following the expiry of the initial period. In order for TSX to consider the renewal of an Arrangement, a written request must be provided to the Advisory Affairs division of TSX of the proposed renewal at least seven business days prior to the expiry of the previous period. (see Subsection 639(f)(iv)).

(i) Dissemination of Information.

(i) The listed issuer shall file with the Advisory Affairs division of the TSX a copy of a draft press release announcing an Arrangement and a draft disclosure document which includes the information required under clause (iii) below at least seven business days before the record date. The press release shall not be issued and the disclosure document shall not be distributed to securityholders until written approval has been given by TSX.

(ii) A press release shall be issued on the first business day following the record date after written approval has been given by TSX.

(iii) Following issuance of the press release a disclosure document shall be sent by the listed issuer to each securityholder of record on the record date that holds an odd lot. Where a securityholder of record holds listed securities on behalf of other persons or companies, the listed issuer shall provide, upon the request of such holder, a sufficient number of copies for each beneficial owner of an odd lot. The disclosure document, the original of which must be signed by a duly authorized officer of the listed issuer and filed with TSX, shall include the following items of information:

i. Name of listed issuer and the nature of the Arrangement being made available to odd lot holders.

ii. A description of the class or classes of listed securities subject to the Arrangement and the holders eligible to participate.

iii. A statement that: (a) the listed issuer will pay one or more Participating Organizations a fee to sell or purchase odd lots, as the case may be, in the open market on behalf of odd lot holders, (b) for the purpose of the Arrangement, the odd lot holder is the customer of the Participating Organization agreeing to sell or purchase listed securities, as the case may be, pursuant to the Arrangement, and (c) the Participating Organization is required to obtain the best available price for the odd lot holder.

iv. If applicable, state that the Participating Organization may purchase or sell odd lots under the Arrangement as principal in accordance with TSX requirements.

v. The duration of the Arrangement.

vi. The purpose of the Arrangement.

vii. A description of the procedure that must be followed by both registered odd lot holders and beneficial owners of odd lots held in nominee form to participate in an Arrangement.

viii. The name, address and telephone number of the department or person at the listed issuer from whom additional information may be obtained and that the odd lot holder should consider contacting his or her broker concerning the advisability of participating in the Arrangement.

(iv) See Subsection 639(e)(iv) for additional information required in the disclosure document in connection with Arrangements through the
listed issuer. A request for a renewal of an Arrangement shall be accompanied by a statement of the number of listed securities previously sold or purchased, as the case may be, under the Arrangement. Upon acceptance by TSX the listed issuer shall issue a press release announcing the renewal of the Arrangement.

(i) A filing fee is required in connection with each Arrangement filed with TSX, and with each renewal thereof (see Part VIII).

(k) A listed issuer may also purchase odd lots offered in the marketplace pursuant to a normal course issuer bid implemented in accordance with Section 629.

(l) A listed issuer may have both a Normal Course Issuer Bid, and either a Selling Arrangement, or a Purchase Arrangement, or both, in effect at the same time.

AMENDMENTS TO SECURITY PROVISIONS

641. Any proposed amendment to the provisions attaching to any securities of a listed issuer must be pre-cleared with TSX prior to implementation.

EFFECT OF AMENDMENTS ON EXISTING ARRANGEMENTS

642. These amendments will be effective for all notices filed with TSX on and after [April 1, 2004] (the “Effective Date”).

The following will be unaffected by these amendments:

1. Any transaction (including a security based compensation arrangement) of which TSX has been notified in writing prior to the Effective Date.

2. Any transactions or resolutions for which, prior to the effective date, either the listed issuer has mailed final materials to security holders or for which security holder approval has been received.

3. Subject to Section 613(a), security based compensation arrangements approved by security holders prior to the Effective Date.

PART VII — HALTING OF TRADING, SUSPENSION AND DELISTING OF SECURITIES

(NOTE — comparative full text of Part VII with changes in bold)

A. GENERAL

Sec. 701. TSX may at any time:

(a) temporarily halt trading in any listed securities; or

(b) suspend from trading and delist an issuer’s securities if TSX is satisfied that:

(i) the issuer has failed to comply with any of the provisions of its Listing Agreement with TSX or with any other TSX requirement; or

(ii) such action is necessary in the public interest.

B. HALTING OF TRADING

Sec. 702. TSX may halt trading in the securities of an issuer for disclosure of material information which requires immediate public disclosure under TSX’s timely disclosure policy. A halt of trading is a temporary measure which will usually not last more than one hour following the dissemination of the announcement. TSX may also temporarily halt trading where such action is deemed to be in the public interest (for example, in order to maintain a fair and orderly market).

Refer to Sections 406 to 4238 for a description of the timely disclosure policy, including more complete information regarding trading halts.

Sec. 703. During the period when trading is halted, no TSX Participating Organization may execute an order in the over-the-counter market.

Trading may also be halted when the market activity indicates that significant news appears to be available to some investors but not to the public at large, and the issuer either will not, or cannot, make a clarifying statement.

If trading is halted but an announcement is not immediately forthcoming, TSX may establish a reopening time, which shall not be later than 24 hours after the time that the halt was imposed (excluding non-business days). The issuer is urged to make an announcement, but if it will not, TSX will issue a notice stating the reason for the trading halt, that an announcement was not immediately forthcoming and that trading will therefore resume at a specific time.

Sec. 704. Trading may also be halted due to failure by the issuer to comply with requirements of TSX. In some cases, a halt may be changed to a suspension or delisting.

C. SUSPENSION AND DELISTING

Objective

Sec. 705. The objective of TSX’s policies regarding continued listing privileges is to facilitate the maintenance of an orderly and effective auction market for securities of a wide variety of issuers that are actively engaged in an ongoing business, in which there is a substantial public interest, and that comply with the requirements of

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TSX. The policies are designed and administered in a manner consistent with that objective.

Application of Policy

Sec. 706. TSX has adopted certain quantitative and qualitative criteria (the “delisting criteria”), that are outlined in the following sections, under which it will normally consider the suspension from trading and delisting of securities. However, no set of criteria can effectively anticipate the unique circumstances which may arise in any given situation. Accordingly, each situation is considered individually on the basis of relevant facts and circumstances. As such, whether or not any of the delisting criteria has become applicable to a listed issuer or security, TSX may, at any time, suspend from trading and delist securities if, in the opinion of TSX, such action is consistent with the objective cited above or further dealings in the securities on TSX may be prejudicial to the public interest.

Process

Sec. 707. TSX examines the affairs and the performance of listed issuers to ensure that they are of a standard that merits the continued listing of such companies. If, as a result of such examination, TSX determines that any of the delisting criteria outlined in Sections 708 to 717 have become applicable to a listed issuer or to its securities, TSX will notify the issuer (by telephone or telecopied letter) and the market (by trader note and bulletin) that the issuer is under a delisting review.

The delisting review process will be conducted through either the “Remedial Review Process” or the “Expedited Review Process”, as follows:

Remedial Review Process

(a) An issuer that has been notified that it is under delisting review because of the applicability of any of the delisting criteria set out in Section 709, paragraphs (b) or (c) of Section 710, Section 711 or Section 712 will normally be given up to 120 days from the date of such notification (the “delisting review period”) to correct the deficiencies that triggered the delisting review.

At any time prior to the end of the delisting review period, TSX will provide the issuer with an opportunity to be heard where the issuer may present submissions to satisfy TSX that all deficiencies identified in TSX’s notice have been rectified. If the issuer cannot satisfy TSX at the conclusion of the hearing that the deficiencies identified have been rectified and that no other delisting criteria are then applicable to the issuer, TSX will determine to delist the issuer’s securities.

Upon such determination, TSX will issue a written notice to the market to confirm the date that the suspension and delisting will be effective, which date will generally be the 30th calendar day after the issuance of such notice.

TSX may abridge the term of the delisting review period at any time upon written notice to the issuer, particularly after the occurrence of any of the events described in Section 708, paragraph (a) of Section 710, or Sections 713 to 717 inclusive. In any such case, the issuer that is under a delisting review will be provided with an opportunity to be heard on an expedited basis where the issuer may present submissions as to why its securities should not be delisted. If the issuer cannot satisfy TSX that a delisting is unwarranted, TSX will determine to suspend the issuer’s securities from trading as soon as practicable after such hearing and the issuer’s securities will be delisted on the 30th calendar day after the suspension date. During the period between the suspension date and delisting date, the issuer remains subject to all TSX requirements, including compliance with the provisions of Sections 501 and 602, regardless of whether the issuer had been exempted from the requirements of Section 501 prior to suspension.

Expedited Review Process

(b) An issuer that has been notified that it is under delisting review:

(i) because of the applicability of any of the delisting criteria in Section 708, paragraph (a) of Section 710 or Sections 713 to 717 inclusive; or

(ii) because the issuer has failed to meet original listing requirements by the deadline set by TSX in connection with any of the events described in Section 717; or

(iii) because TSX believes that the expedited suspension from trading and delisting of the issuer’s securities is warranted, will be provided an opportunity to be heard, on an expedited basis, where the issuer may present submissions as to why its securities should not be suspended from trading immediately and delisted. If the issuer cannot satisfy TSX that an immediate suspension is unwarranted, TSX will determine to suspend the issuer’s securities from trading as soon as practicable after such hearing and the issuer’s securities will be delisted on the 30th calendar day after the suspension date. During the period between the suspension date and delisting date, the issuer remains subject to all TSX requirements, including compliance with the provisions of Sections 501 and 602, regardless of whether the issuer had been exempted from the requirements of Section 501 prior to suspension.

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DELISTING CRITERIA

(1) Insolvency

Sec. 708. At such time as TSX is advised or becomes aware that a listed issuer (or any of its significant subsidiaries), has become insolvent or bankrupt or has made an assignment for the benefit of creditors; or a trustee, receiver, liquidator or monitor has been appointed for the issuer or for a substantial part of its assets; or bankruptcy, reorganization, creditor arrangement or protection, insolvency, liquidation, winding up or similar proceedings are instituted by or against the issuer under the laws of any jurisdiction, the securities of the issuer may, at the discretion of TSX, be immediately halted from trading on TSX. TSX will ordinarily halt trading, or prevent the lifting of a trading halt, of the issuer’s securities in order to allow material information to be publicly disseminated or when inadequate information in respect of the issuer is available to the market, or when adequate information in respect of the issuer is not available to the market.

During the trading halt, or as soon as practicable after the trading halt is lifted, TSX shall notify the issuer that it is under delisting review and is subject to the Expedited Review Process (see Section 707).

(2) Financial Condition and/or Operating Results

Sec. 709. TSX will normally consider the delisting of securities of an issuer if, in the opinion of TSX, the financial condition and/or operating results of the issuer appear to be unsatisfactory or appear not to warrant continuation of the securities on the trading list.

Sec. 710. Specifically, securities of an issuer may be delisted if:

All Issuers

(a)(i) the issuer’s financial condition is such that, in the opinion of TSX, it is questionable as to whether the issuer will be able to continue as a going concern. TSX will consider, among other things, the issuer’s ability to meet its obligations as they come due, as well as its working capital position, quick asset position, total assets, capitalization, cash flow and earnings as well as accountants’ or auditors’ disclosures in financial statements regarding the issuer’s ability to continue as a going concern, or

(ii) the issuer has ceased, or has expressed an intention to cease, to be actively engaged in any ongoing business; or

(iii) the issuer has discontinued or divested a substantial portion of its operations, thereby so reducing its business as to no longer merit continued listing; or

Industrial Issuers

(b) the issuer fails to have:

(i) total assets of at least $3,000,000, and

(ii) annual revenue from ongoing operations of at least $3,000,000 in the most recent year.

Criteria (b)(i) and (ii) above do not apply to a research and development issuer, however, such a company may be delisted if it has failed to spend at least $1,000,000 on research and development, acceptable to TSX, in the most recent year; or

Resource Issuers

(c)(i) in the most recent year, the issuer has failed to carry out at least $350,000 of exploration and/or development work that is acceptable to TSX and is subject to the Expedited Review Process (see Section 707).

(d) the issuer does not have adequate working capital and an appropriate capital structure to carry on its business.

(3) Market Value and Public Distribution

Sec. 711. TSX will normally consider the delisting of securities of an issuer if, in the opinion of TSX, it appears that the public distribution, price, or trading activity of the securities has been so reduced as to make further dealings in the securities on TSX unwarranted.

Sec. 712. Specifically, participating securities may be delisted if:

(a) the market value of the issuer’s issued securities that are listed on TSX is less than $3,000,000 over any period of 30 consecutive trading days, or

(b) the market value of the issuer’s freely-tradable, publicly held securities is less than $2,000,000 over any period of 30 consecutive trading days, or

(c) the number of freely-tradable, publicly held securities is less than 500,000, or

(d) the number of public security holders, each holding a board lot or more, is less than 150.

Non-participating securities will be subject to (b) above as well as Section 711.

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(4) Failure To Comply With TSX Requirements & Policies

Listing Agreement

Sec. 713. TSX may delist the securities of an issuer that fails to comply with its Listing Agreement or other agreements with TSX, or fails to comply with TSX’s requirements and policies. Examples of failure to comply with the Listing Agreement include, but are not limited to, failure to provide the prior consent of TSX to issue additional equity securities, failure to obtain the consent of TSX before undergoing a material change in the business if the issuer is subject to Section 501; and failure to comply with TSX’s requirements for stock options and security-based compensation arrangements.

Disclosure Policies

Sec. 714. TSX may delist the securities of an issuer that has failed to comply with TSX’s Timely Disclosure policy (see Sections 406 to 423.8 and 472 to 475) or with disclosure requirements under any securities laws to which the issuer is subject. In addition, TSX may delist the securities of an issuer that is engaged in the business of mineral exploration, development or production if such issuer has failed to comply with TSX’s “Disclosure Standards for Issuers Engaged in Mineral Exploration, Development & Production” (see Appendix B).

Payment of Fees or Charges

Sec. 715. TSX may suspend from trading and delist the securities of an issuer that fails or refuses to pay, when due, any fee or charge payable by the company pursuant to Exchange requirements.

Management

Sec. 716. TSX requires that each listed issuer must meet on an ongoing basis the management requirements relevant to its category of listing that are described in Section 311 (for Industrial Issuers), Section 316 (for Mining Issuers) and Section 321 (for Oil & Gas Issuers). TSX may delist the securities of an issuer that has failed to meet such management requirements.

Upon receipt of a Form 3 (see Section 424) from a listed issuer, or upon notice of a new insider of a listed issuer, TSX will conduct a review of the new director, officer, trustee or insider with a view to determining the suitability of such individual or entity as an insider of the listed issuer. Upon the request of TSX, listed issuers will submit a Personal Information Form (Form 4, Appendix H) for any person so requested. TSX may delist the securities of a listed issuer in the event TSX determines that such individual or entity is not suitable as an insider of the listed issuer.

(5) Change In Business

Sec. 717. Where an issuer substantially discontinues its business (for example, through the sale of all or substantially all of its assets in one or more transactions) or changes the nature of its business (for example, through the acquisition of an interest in another business which represents the majority of the market value of the issuer’s assets or which becomes the principal operating enterprise of the issuer), TSX will normally require that the issuer meet original listing requirements. Failure of the issuer to meet these requirements may result in the delisting of its securities.

REINSTATEMENT OF LISTING

Sec. 718. An issuer whose securities are delisted must remedy all of the conditions which resulted in the delisting and must meet TSX’s requirements for original listing in order to qualify for reinstatement or be reconsidered for listing. The issuer must submit a complete listing application with the required supporting documentation and TSX will consider each application individually on the basis of all relevant facts and circumstances.

REVIEW OF DELISTING DECISIONS

Sec. 719. Decisions in respect of the application of this Part VII are made by either the Listings Committee or the Advisory Affairs Committee after providing the issuer an opportunity to be heard. If an issuer wishes to contest a decision made under Part VII, the issuer may request that the matter be heard by the committee having made the original decision, with the additional participation of the Senior Vice President, TSX, and/or his/her designate. If, after being heard, the issuer remains dissatisfied with the decision, the issuer may appeal the decision to a three-person panel of TSX’s Board.

An issuer may request that the OSC review the Board’s decision provided that the provisions of section 21 of the OSA (or any replacement legislation) apply.

VOLUNTARY DELISTING

Sec. 720. An issuer wishing to have all its listed securities, or any class of its securities, delisted from TSX must apply formally to TSX to do so. The application should take the form of a letter addressed to TSX. The letter should outline the reasons for the request and be accompanied by a certified copy of a resolution of the company’s board of directors authorizing the request.


## Request for Comments

### APPENDIX C

**TSX Response to Public Comments**

<table>
<thead>
<tr>
<th>Comments</th>
<th>TSX Response</th>
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<tr>
<td><strong>From</strong></td>
<td><strong>A) Simon Romano and Rob Nicholls, Stikeman Elliott</strong></td>
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<tr>
<td><strong>Comments</strong></td>
<td><strong>A) 1) Question 1.</strong> One of the primary goals of TSX is to provide issuers with a revised set of rules that are entirely transparent. In drafting the proposed amendments, TSX revisited all of its current written rules and practices. The proposed amendments reflect a complete set of rules that supersede any previously existing unwritten TSX practices. TSX is currently developing a system under which written interpretations of its written rules will be published on a continuing basis as they develop. In addition, the Manual will be updated on a regular basis as additional practices develop.</td>
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<td><strong>To</strong></td>
<td><strong>2) Question 2.</strong> The definition of &quot;market price&quot; should be based on the VWAP over a fixed period of time absent extraordinary enumerated events such as market manipulation or an intervening material change; clarify that the &quot;market price&quot; calculation cannot be changed following TSX conditional approval for a transaction; the standard of &quot;the opinion of the TSX, does not accurately reflect [current market price]&quot; provides too much uncertainty in planning transactions; the date of entering into the subscription agreement is not an appropriate date for calculating market price given that subscribers may enter into the agreement at different times; price protection procedures should be elaborated.</td>
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<tr>
<td><strong>TSX Response</strong></td>
<td><strong>2) Question 2.</strong> We believe that a five day VWAP is a more accurate way of measuring the market price of an issuer’s security than is current practice under Section 619 which uses the closing market price the trading day prior to the day of letter notice. We also believe, however, that regardless of the measurement used, the price must be an accurate reflection of market. If there is any indication, therefore, that there has been unusual trading before, during or following the measurement period, TSX will investigate further in order to determine whether the &quot;market price&quot; is an accurate indication of market. This reflects our current but unwritten practice. We believe that TSX discretion in this area is required to protect the integrity and quality of the marketplace and the proposed definition provides stakeholders with notice as to when discretion will be used. Section 602(e) has been amended to clarify that any amendment to a transaction, whether or not previously approved, must be accepted. Section 602(e) has been amended as follows.</td>
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S. 602. (a) The notice required by Section 602(a) should initially take the form of a letter addressed to TSX's Advisory Affairs division, requesting acceptance of the notice for filing, unless the applicable Section of Part VI requires otherwise. A press release or information circular filed with TSX does not constitute notice under Section 602. The letter should contain the essential particulars of the transaction, and should state whether: (i) any insider has a beneficial interest, directly or indirectly, in the transaction and the nature of such interest, and (ii) whether and how the transaction could materially affect control of the listed issuer. A copy of any written agreement in respect of the transaction must be provided with the notice. TSX must be provided with prompt notice of any changes to the material terms of the transaction described in the notice, regardless of whether the amendment could entail a further issuance of securities. This applies even if the transaction as previously accepted by TSX specifically provided for the possibility of amendments, unless the amendment is solely due to standard anti-dilution provisions in the original agreement. The listed issuer may not proceed with the proposed amendment unless it is accepted by TSX.

The proposed rule does not state that it is the date upon which the "agreement which obligates the issuer to issue the securities" which is to be used to measure "market price", but "the date provided for in the binding agreement obligating the issuer to issue the securities." The definition has been amended to clarify that the date may be either the date of the binding agreement or some future date. That date may be any of the dates referred to above. The reference to "the binding agreement obligating the issuer to issue the securities" in the definition was intentionally left broad. Any agreement which obligates the issuer to issue the securities will be acceptable, in this regard TSX would accept a signed term sheet, engagement letter, letter of intent, agency or underwriting agreement, etc. Under the proposed amendments, "price protection" will no longer be required. Section 602(a) requires that "every listed issuer shall immediately notify TSX in writing of any transaction involving the issuance or potential issuance of its securities." Price protection will no longer be necessary because it is the issuer that determines the relevant period for determining "market price". Under proposed Section 607(f), the transaction must close not later than "45 days from the date upon which the market price of the securities being issued is established".

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<td>3) Question 3.</td>
<td>The proposed definition of “materially affect control” is very uncertain and ambiguous; a bright line test is preferable; transactions are planned well before TSX approval is sought, and thus, certainty is required.</td>
<td>3) Question 3. Currently, the term “materially affect control” is not defined in TSX’s Company Manual. Issuers, therefore, are not provided with any guidance as to the circumstances in which TSX would determine that a transaction would “materially affect control”. We believe that the proposed definition provides issuers with some guidance as to the factors TSX will consider in making this determination. We believe that a bright line test, while desirable in the context of certain rules, would not be workable in this instance given that each transaction presents a unique set of circumstances such as those described in your letter. The proposed definition is also reflective of current case law. The proposed definition provides TSX with the discretion we believe is necessary given the wide range of possible facts and circumstances across transactions. The “pattern of voting behaviour by other holders at previous security holder meetings” is only one of many factors TSX will consider. TSX has always and will continue to encourage issuers and their advisors to contact TSX during the planning stages of a transaction to discuss TSX’s views and how our rules may or may not apply.</td>
</tr>
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<td>4) Question 9.</td>
<td>We support the ability of shareholders to approve a price below the stated discount.</td>
<td>4) Question 9. Thank you for your comment.</td>
</tr>
<tr>
<td>5) Question 10.</td>
<td>The discussion about shares being issued below market in exchange for assets needs elaboration, as by definition there is no cash price involved.</td>
<td>5) Question 10. Section 611(c) has been amended to remove the reference regarding shares being issued below market price in exchange for assets. The section now requires shareholder approval if the securities issued or made issuable pursuant to acquisitions exceed 25% of the issued and outstanding securities, without reference to price.</td>
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<td>6) Question 10.</td>
<td>Requiring security holder approval for an asset purchase involving a change in business would hamper the competitiveness of Canadian purchasers, since the result would produce an additional level of vendor uncertainty that would favour non-Canadians.</td>
<td>6) Question 10. Thank you for your comment. TSX does not propose to implement such a rule at this time.</td>
</tr>
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</table>
7) **Question 11.**
Can the terms of listed warrants be amended? Clarify which security holders will be required to approve an amendment to warrant terms.

7) **Question 11.**
Under the heading “Listed Warrants”, Section 609(d) states that, “Any proposed amendment to the terms of outstanding listed warrants must be approved by TSX prior to the amendment becoming effective.

Once warrants have been listed, TSX will not permit amendments to any of the essential terms of the warrants, such as the exercise price (except for anti-dilution purposes) or the expiry date.” It is proposed that amendments may be made to the exercise price and term of unlisted warrants only subject to the requirements of Section 608 under the heading “Unlisted Warrants”. TSX proposes the following amendment to Section 608(b):

(b) A listed issuer may apply to TSX to amend the warrant exercise price and the term of the warrant provided that:

(i) disclosure of such amendments is made by way of press release ten (10) business days prior to the effective date of the change; and

(ii) the application is accompanied by a filing fee (see Part V III).

Security holder approval will be required for:

(i) amendments to warrants held, directly or indirectly, by insiders; or

(ii) amendments to warrants resulting in an exercise price which is less than the market price of the securities determined on the date of the amending agreement.

Security holder approval must exclude the votes attached to the securities held by insiders whose warrants are proposed to be amended.

8) **Question 13.**
Clarify whether security based compensation arrangements that involve secondary market purchases, phantom plans or SARs not involving the issuance of securities will require shareholder approval. Clarify whether the revised term “security compensation arrangements” is intended to apply to cash — settled only compensation schemes given the broad definition of “security” under the Securities Act (Ontario).

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<td>(ii) individual stock options granted to employees, service providers or insiders, if not granted pursuant to a plan previously approved by the issuer’s security holders; (iii) stock purchase plans where the issuer provides financial assistance or where the issuer matches the whole or a portion of the securities being purchased; (iv) stock appreciation rights involving issuances of securities; (v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the listed issuer; and (vi) security purchases by an employee, insider or service provider which is financially assisted by the listed issuer by any means whatsoever. For greater certainty, arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the issuer are not security-based compensation arrangements for the purposes of this Section 613. For the purposes of Section 613, a “service provider” is a person engaged by the issuer to provide services for an initial, renewable or extended period of twelve months or more.</td>
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<td>9) Question 15.</td>
<td>The inability to seek advance “blanket” shareholder approval will detrimentally affect small issuers; it is not clear whether the ability to effect more than one 24.9% private placement in six month period will offset the inability to obtain “blanket” shareholder approval.</td>
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<td>10) Question 16/17.</td>
<td>Under Section 604(e)(v), “reasonableness” should be expressly determined by the board upon the recommendation of a committee consisting of “one or more” independent directors.</td>
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<td>11) Question 18.</td>
<td>In our experience, issuers subject to financially related expedited suspension reviews are not always given an opportunity to remedy their deficiencies.</td>
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<td>12)</td>
<td>Question 19. Officers, directors and new insiders of TSX Exempt issuers should not be reviewed. Review of new insiders would be a restriction on transferability of securities and likely would become a tool used by incumbent management against would-be acquirers. With respect to directors, this would preclude contested director elections on the floor of a meeting, which seems inappropriate.</td>
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<td>13)</td>
<td>Section 601. Clarify definition of &quot;associate&quot; as it is a downwards only test. Clarify terms &quot;direct or indirect&quot; in the definition of insider. Definition of &quot;OBA&quot; should include regulations but not policies, as they have no force of law; the proposed definitions of &quot;related party&quot; and &quot;securities&quot; are very unhelpful as the OSC definitions are extremely difficult and in the latter case too expansive a definition for these purposes. We believe that the definition of &quot;associate&quot; in the OSA is clear and accurately reflects the meaning intended by TSX. An indirect issuance to an insider includes, for example, an issuance to an entity of which the insider is a controlling shareholder or to a trust of which the insider is a beneficiary. Notwithstanding that OSC &quot;policies&quot; do not have force of law, for the purposes of the proposed amendments, the definition of OBA will include &quot;policies&quot; except where otherwise provided. The definition of &quot;security&quot; and &quot;securities&quot; will be amended to read as follows: &quot;has the meaning as found in the OSA and references to 'security' or 'securities' hereunder shall be restricted to securities listed on TSX unless otherwise provided.&quot; We believe that the definition of &quot;related party&quot; as provided is necessary in order to account for all possible transaction structures.</td>
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<td>14)</td>
<td>Section 602. Pre-notification to the TSX of securities (not just shares or convertibles) is a change that is not appropriate. It is a change that would give the TSX inappropriate decision-making authority and uncertain discretion over borrowing transactions, debt issues, partnership agreements and many other normal business activities totally beyond the legitimate purview of the TSX.</td>
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<td>15)</td>
<td>Section 602d. This Section should permit a general &quot;Subject to regulatory approval&quot; statement, consistent with existing well-established practice.</td>
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<td>16)</td>
<td>Section 602e. &quot;Indirect beneficial interest&quot; creates substantial uncertainty; written agreements should only be required &quot;if available&quot; as an agreement may not exist at the time TSX approval is sought.</td>
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## Request for Comments

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| 17) | **Section 603.**  
The inclusion of “the listed issuer’s corporate governance practices” and “the listed issuer’s disclosure practices” as principles the TSX will apply in exercising its discretion and their linkage with rules which govern, principally, private placement transactions is not entirely obvious. | 17) **Section 603.**  
The inclusion of these factors in TSX's discretionary decision process was not intended to “punish” or “reward” listed issuers or shareholders. These factors will be considered, if relevant, along with any other relevant enumerated or non-enumerated factors by TSX within the context of its discretionary abilities in order to ensure market quality and promote transparency. We would submit that the practical implications of clauses (iii) and (iv) of proposed Section 603 would not decrease significantly the level of certainty for issuers proposing to carry out transactions as they are part of current TSX practice. While an issuer’s corporate governance and disclosure practices are not relevant to all transactions being proposed by all issuers, these are factors that have been and will be considered in some circumstances when reviewing transactions. In particular, when reviewing an application that may be requesting relief from certain requirements in Parts V and VI of the Company Manual, these factors are important in establishing whether the particular issuer has developed a consistent pattern of non-compliance with TSX requirements. It is not our intent to review an issuer’s corporate governance record and disclosure practices for every arm’s length transaction but rather only in extraordinary circumstances. |
| 18) | **Section 604(a).**  
Given the broad definition of “security”, this Section and others have become very uncertain as they now refer to security holders. | 18) **Section 604(a).**  
It is not the intention of TSX to alter its current practices with respect to which security holders may or may not vote when security holder approval is required under TSX’s Company Manual. We believe that the revised definition of “security” and “securities” as provided for in paragraph 13) above will address this concern. |
| 19) | **Section 605.**  
This Section should refer to listed securities only. | 19) **Section 605.**  
We believe that the revised definition of “security” and “securities” as provided for in paragraph 13) above will address this concern. |
| 20) | **Section 606(b).**  
Many of the facts contained in Section 606(b) would not be known at the time of the preliminary prospectus. | 20) **Section 606(b).**  
We agree. In cases in which certain facts under 606(b) are not known at the time of filing of the preliminary prospectus, TSX, as is current practice, will take this into account in the conditional approval letter and/or defer acceptance of notice until such time as all relevant facts required to issue a conditional approval letter are known, which is usually closer to the time of filing the final prospectus. |

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**Request for Comments**

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<td>21)</td>
<td>Sections 607(f)(iv) and 607(g). Sections 607(f)(iv) and 607(g) strangely treat warrant exercises, even those at a premium, as being at a discount; a flow-through share issued at a premium will questionably still be considered to be issued at a discount, even if the premium is as high as 15% to 20% to market.</td>
<td>Given that warrants are generally exercised when they are “in-the-money”, TSX treats all warrants as “discounted” securities, notwithstanding that the warrant exercise price may be at a premium to market at the time of issuance of the warrant. Warrants, therefore, are economically dilutive to shareholders at the time of exercise. In the case of flow-through shares, TSX believes that it is the benefit of the “flow-through” characteristic of the shares to the purchaser which qualifies the share as a “discounted” security, not the degree of the premium. In any event, whether the applicable premium is sufficient to compensate the issuer for such benefit to the point where the shares may be considered to be issued at or above market price requires individual tax and/or subjective analysis. TSX, therefore, believes that it is neither in a position nor would it be appropriate for TSX to make such a determination.</td>
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<td>22)</td>
<td>Section 607(f)(ii). This Section should conform to current practice by explicitly providing 135 days where shareholder approval is required.</td>
<td>The following will be added immediately following the phrase “not later than 45 days” in Section 607(f)(i): “(or, in circumstances where security holder approval is required pursuant to Section 607(g), 135 days)”.</td>
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<td>23)</td>
<td>General. The TSX current practice to restrict the ability to issue flow-through shares at a discount with warrants to arm’s length and/or non-arm’s length transactions is not addressed in the proposals.</td>
<td>The proposed amendments supersede any previous written or unwritten TSX rules and practices as they relate to Parts V, VI and VII of TSX’s Company Manual. Please refer to paragraph 1) above. For greater clarification, TSX will generally not restrict the number of sweeteners (ie, tax credits, warrants, discounts etc) made available to non-arm’s or arm’s length parties.</td>
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<td>24)</td>
<td>General. The TSX current practices allowing offshore transactions to be treated as non-private placements is not referred to.</td>
<td>We do not believe that one set of requirements can be established for such practice. If these occur in the future, they will be reviewed based on size, price and insider participation.</td>
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<td>25) Section 611.</td>
<td>Clarify Section 611(a) so that it includes assets, shares and other property. Determining whether a property acquisition is below market price for the purpose of Section 611(c) seems likely to be almost always impossible; Section 611(c) fails to codify TSX practice with respect to acquisitions of publicly held targets which would exceed the 25% limit.</td>
<td>25) Section 611. The following will be added immediately following the phrase &quot;as full or partial consideration for property&quot; in Section 611(a) &quot;(which may include shares or assets)&quot;. Section 611(c) has been amended to remove the reference regarding shares being issued below market price in exchange for assets. The section now requires shareholder approval if the securities issued or made issuable pursuant to acquisitions exceed 25% of the issued and outstanding securities, without reference to price. TSX believes the last sentence of Section 611(c) sufficiently codifies TSX’s practice with respect to publicly held target. The Section states that &quot;TSX will consider granting relief from this Section 611(c) where the assets acquired are not closely held&quot;.</td>
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<td>26) Section 613.</td>
<td>The re-worked rule leaves a number of questions unanswered. For example, despite the TSX’s stated intention of codifying unwritten rules, the proposed new rules do not address the current TSX practice of permitting minor amendments to share compensation arrangements without shareholder approval (for example, the extension of stock options which expire during a black out period and lengthening expiry dates following employment termination). Will this practice continue and if so, why are such practices not codified?</td>
<td>26) Section 613. The re-worked rule requires that security based compensation arrangements be approved by the listed issuer’s security holders. Issuers seeking to make amendments to share compensation arrangements other than with respect to exercise price or expiry dates they must look to the arrangement itself in order to determine whether or not the amendment will be permitted without security holder approval. For example, a stock option plan might provide that the board of directors has the discretion to accelerate vesting provisions of a previously granted stock option. Section 613(d) has been clarified to state that: Should a security based compensation arrangement not provide for the procedure for amending the arrangement, disinterested security holder approval will be required for such amendments. Therefore, if amendments are not provided for in the arrangement as approved by security holders, any proposed amendments to individual grants or arrangements, such amendments must be approved by disinterested security holder whether minor or material.</td>
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<td>27) Section 613(g).</td>
<td>Section 613(g) is too limiting. Merging companies should be able to move their outstanding options to the surviving public entity without additional financial limits. Canadian companies will be at a disadvantage to non-Canadian acquirors in international M&amp;A activity. The disparity in the percentage limit between listed issuers (25%) and non-listed issuers (2%) seems to make little sense in the case of non-listed issuers whose shares are listed on other exchanges.</td>
<td>27) Section 613(g). Proposed Section 613(g) has been deleted in its entirety. Section 611(c) (shareholder approval requirement for acquisitions) has been amended to specifically include the issuance of options in connection with an acquisition. Options and other securities related to an acquisition will be reviewed under the acquisition shareholder approval requirements.</td>
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<td>28) Section 629. Are pre bid integration provisions appropriate?</td>
<td>28) Section 629. We have re-visited the issue of exchange take-over bids. We propose to remove the ability for bidders to use TSX facilities and will amend Sections 628 through 632 accordingly.</td>
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<td>29) Sections 629–632. Clarify that Sections 629 through 632 apply only to stock exchange take-over bids. Query whether Section 629(k) should apply to all bids.</td>
<td>29) Sections 629–632. Please see our response in paragraph 28 above.</td>
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<td>30) Section 632, (Now 629) Delete the valuation/appraisal disclosure requirements in item 7 [Form 15] of Section 632 which causes trouble for certain companies by requiring disclosure of confidential asset appraisals. This can adversely affect the selling price of assets.</td>
<td>30) Section 629. Valuation/appraisal information is relevant for the purposes of ensuring a level playing field if the issuer wishes to purchase securities under a normal course issuer bid. Failing to disclose valuation/appraisal information to the market place while the issuer is purchasing its own securities may be reasonable perceived as having material information which has not been publicly disclosed, whether or not such information is actually material.</td>
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<td>31) Section 632(i), (Now 629(j)) Separate the latter part of Section 632(i) dealing with trustees from the first part which deals with amendments to NCIBs. Amend the latter part of Section 632(i) which deals with trustees to allow brokers to act in such a capacity as trustees are increasingly expensive and particular about acting for market based purchase plans.</td>
<td>31) Section 629(j). The text following the first two sentences of Section 632(i) will be separated into a new Section 629(j) and the following sections will be renumbered accordingly. Brokers are currently and will continue to be permitted to act as a purchasing agent under the circumstances described in that Section, including with respect to market based purchase plans.</td>
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<td>32) Section 632(k)(1)(c). Delete restriction on &quot;solicited&quot; purchases. Restriction is unrealistic and should be deleted given that it is occurring within the context of an NCIB.</td>
<td>32) Section 629(b)(1)(c). TSX believes this restriction is required in order to maintain market quality and integrity.</td>
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<td>33) Section 629(l). Last paragraph is out of place as it is not related to NCIBs. In any event OSC Policy 62-601 does not apply to the offeror itself which is at odds with the provision. If it applies to an offeror, exemptions such as those contained in section 93(3) of the OSA should apply.</td>
<td>33) Section 629(b). We disagree. This paragraph relates directly to NCIBs made by an offeror or the target during the course of a take-over bid.</td>
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<td>34) Section 635(c). (Now 634(c))</td>
<td>Address the fact that the OSC usually does not decide whether to initiate proceedings right away. In the meantime, the TSX should presumably allow the plan to the operative.</td>
<td>As stated in Section 634(c), in circumstances where a security holder rights plan can be reasonably perceived to have been proposed or adopted as a response to a specific take-over bid for a listed issuer TSX will defer its decision on whether to consent to the plan until the OSC has had the opportunity to consider whether it will initiate proceedings by virtue of National Policy 62-202. The securities commissions in Canada are responsible for reviewing the propriety or operation of plans, not TSX. TSX simply accepts notice of the plan and consents to the listing of the rights on TSX which are issuable pursuant to the plan. Therefore, it is not within TSX’s jurisdiction to “allow the plan to be operative” as described. In such circumstances, TSX will defer any decision until TSX is advised that 1) the OSC will not initiate proceedings; 2) the OSC will initiate proceedings; or 3) the bid has been withdrawn.</td>
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<td>35) Sections 637–639. (Now 630-632)</td>
<td>Sections 637–639 purport to apply to a selling security holder that is not a participating organization. This cannot be correct, as they are not subject to TSX requirements. If true, it would preclude off-market private agreement sales, which are apparently allowed under Section 640. It should be expressly limited to sales through the facilities of the TSX.</td>
<td>For greater clarification Section 630–632 apply only to sales from control through the facilities of the TSX. We believe that the requirements appearance under the heading “Sales from Control Block Through The Facilities of the Exchange” is sufficient.</td>
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<td>36) Current Section 637.3.</td>
<td>It is not clear whether Section 637.3 of the current TSX Company Manual is intended to survive. If so, it should only apply to material changes, not material facts (like the former VSE’s policy in options and consistent with the Supreme Court of Canada’s Pezim decision) and should be amended to permit grants to new employees, as well as grants to persons who are not aware of the potential material change. In addition, if so, it should only apply to options since otherwise it would appear that while one could issue options in connection with a major acquisition, one could not issue shares as consideration for the acquisition.</td>
<td>Section 637.3 of the current TSX Company Manual has been added to proposed Sections 612 and 613.</td>
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<td>37) General. It needs to be made very clear (Section 408) that material transactions do not need to be disclosed under TSX material information disclosure requirements until they have been definitively agreed to. The recent Donnini decision, among others, seems to suggest that a company discussing a potential material transaction should disclose it (as a material fact) before an agreement is reached and the material change threshold would apply. With respect to material information disclosure, TSX (and TSX Venture) rules should be adjusted to expressly reflect the fact that it would almost always be premature and inappropriate to announce (i) a potential financing transaction or (ii) a potential merger, acquisition or disposition, until a binding definitive agreement has been reached. In the latter case particularly, the potential damages to employee and customer/supplier relations (and thus shareholders), the &quot;damaged goods&quot; perception of a failed deal, are too great (witness Nestle's recent negative reaction to speculation that it was seeking to Hershey). In both cases, the potential to make the transaction unachievable because of speculative price changes are very dangerous to a successful financing. Until a binding definitive agreement has been reached, disclosure should not be required in any way, including via confidential reports. Issuers must be able to legitimately take the position that nothing material has occurred until that time.</td>
<td>37) General. This comment relates to TSX's policy on timely disclosure which is not within the scope of the Request for Comments.</td>
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<td>38) General. Like the OSC, the TSX should provide cost–benefit analyses of all proposed rule changes wherever practicable.</td>
<td>38) General. Prior to drafting the proposed amendments, TSX canvassed issuers, their advisors (including legal counsel), investors and other shareholders to discuss Parts V, VI and VII of TSX's Company Manual and our proposed amendments as well as to solicit recommendations. TSX believes that it is not feasible to provide a cost–benefit analysis in connection with the proposed amendments.</td>
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<td>39–45) September 3, 2002 — TSX Reorganization and IPO; Other. These matters are not within the scope of the Request for Comments.</td>
<td>39–45) September 3, 2002 — TSX Reorganization and IPO; Other. These matters are not within the scope of the Request for Comments.</td>
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<td>B. Bernard Pinsky on behalf of Clark, Wilson Corporate Finance/Securities Department</td>
<td>B. 1) Question 1. Additional factors where TSX might use its discretion should include where the public interest and shareholder interest will not be harmed, or where non-compliance with a TSX policy may be temporary.</td>
<td>B. 1) Question 1. The enumerated list provided was not intended to be exhaustive and other factors such as public interest and shareholder interest will be considered in the context of providing a quality marketplace.</td>
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<td>2) Question 8.</td>
<td>TSX should not continue to set standards for discounts on market price where the transaction is at arm's length. TSX will be reviewing directors and rejecting certain directors. Those who are acceptable should make their own decisions as to running their business.</td>
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<td>3) Question 11.</td>
<td>TSX should not continue to impose standards in respect of warrants, such as expiry date and number of warrants issuable per security, where the transaction is at arm's length.</td>
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<td>4) Question 12.</td>
<td>The 10% is too low a threshold when reviewing transactions involving insiders. We believe that 15% is more appropriate.</td>
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<td>5) Question 13.</td>
<td>In certain circumstances, for example to keep a key senior management employee, there needs to be additional flexibility for issuers to grant security based compensation to existing as well as new employees.</td>
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<td>6) Question 16.</td>
<td>TSX applications and an application to the OSC should be considered together so that there are not two separate applications (causing potential delays) for a waiver under the financial hardship exemption.</td>
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<td>2) Question 8. In canvassing stakeholders in connection with TSX's review of its Parts V, VI and VII of TSX's Company Manual, we found that many issuers were in support of maintaining the current limits on discounts as the limits provide issuers with an important advantage when negotiating transactions. In addition, TSX believes that limits on discounts helps preserve the quality of the marketplace provided by TSX and provides certainty for investors.</td>
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<td>3) Question 11. Thank you for your comment. The proposed amendments remove such restrictions in both arm's length and non-arm's length transactions.</td>
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<td>4) Question 12. TSX believes that a threshold of 10% is appropriate in order to maintain market quality. We believe that 15% is more appropriate.</td>
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<td>5) Question 13. TSX understands that it is important for our issuers to keep key senior management employees, especially in difficult market conditions. TSX also believes, however, that while issuers require flexibility in order to create competitive compensation arrangements, TSX must protect market quality by ensuring that arrangements involving further dilution to security holders through the issuance of listed securities to insiders are approved by security holders. Proposed Subsection 613(c) does provide increased flexibility for issuers to provide security based compensation arrangements as an inducement to employment without security holder approval in certain circumstances.</td>
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<td>6) Question 16. We agree that the requirements of the OSC under the financial hardship exemption of OSC Rule 61-501 and Section 604(e) are similar. The OSC and TSX, however, operate independently and the requirements to which the exemption applies are distinct. TSX, however, will have no objection to receiving an application on a joint basis with the OSC if the requirements of Section 604(e) are addressed specifically in the application and the requirements of TSX from which relief is sought is made clear.</td>
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<td>7)</td>
<td><strong>Question 17.</strong> We believe that no additional conditions should be imposed on the availability of the financial hardship exemption.</td>
<td>7) <strong>Question 17.</strong> Please see our response in Section A. above, (comments of Simon Romano and Rob Nicholls) paragraph 10.</td>
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<td>C) Macleod Dixon</td>
<td><strong>C) 1) Question 2. VWAP is a number that requires access to trade-by-trade pricing information. This information is particularly difficult to attain and, at the present time, is not available off the TSX's website. Is the TSX going to make this information more readily available to issuers? Otherwise, how will an issuer proposing to initiate a private placement access the requisite information, especially on short notice?</strong></td>
<td>C) <strong>1) Question 2. Historical daily value and volume trading information is currently available on TSX-edge.com, a password protected website available to listed issuers. Each listed issuer is provided with two subscriptions to TSX-edge.com, without additional cost. VWAP may easily be calculated based on the information available on TSXedge.com.</strong></td>
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<td>D) Noelle Wood on behalf of Market Regulation Services Inc.</td>
<td><strong>D) 1) Section 601 — Definition of “Market Price”</strong>. The discount parameters relate to the market price “as at the date provided for in the agreement which obligates the issuer to issue the securities”. The “agreement” being referred to in the definition of market price needs to be specified. Moreover, if subscription agreements are being referred to in the definition, as a practical matter, one has to distribute them with the pricing information completed but the subscription agreement are not normal-ly signed until fairly late in the process. In such a situation how can one be sure of being in compliance with the rules regarding pricing? The matter is made even more complicated if one considers that subscription agreements are often signed at different times.</td>
<td>D) <strong>1) Section 601 — Definition of “Market Price”</strong>. The reference to the “agreement” in the definition was intentionally broadly defined. Any agreement which obligates the issuer to issue the securities will be acceptable; in this regard TSX would accept a signed term sheet, engagement letter, letter of intent, agency or underwriting agreement etc. In addition, the definition has been clarified to specifically contemplate the use of the date of the binding agreement or some future date. We would not expect a different reference price to be used if subscription agreements were signed at various times. More particularly we would accept the date referenced in the first agreement for the basis of the market price calculation. Also, please see our response in Section A. above (comments of Simon Romano and Rob Nicholls) paragraph 10.</td>
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<td>Ogilvy Renault</td>
<td>E) 1) Question 1. Additional factors that may be considered by the TSX include:</td>
<td>E) 1) Question 1. While the list of factors is obviously not intended to be exhaustive, the factors included are factors which have frequently been cited in seeking exemptive relief. Since financial hardship is specifically dealt with in Subsection 604(e), we have not specifically cited it as an additional factor. We have amended the list of factors to include the liquidity of the market for the relevant securities and the relative size of the transaction for the listed issuer.</td>
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<td>● whether the transaction is designed to improve the financial position of the listed issuer if the issuer is in financial difficulty; and</td>
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<td>● the liquidity of the market for the securities of the listed issuer and the size of the transaction.</td>
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<td>2) Question 5. It is not clear from the proposed rules [Subsection 607(e)] in what circumstances private placements that do not exceed the 25% dilutive threshold but that involve the issuance of convertible securities or warrants will require shareholder approval where the underlying securities will be considered to be issued below market pursuant to proposed section 607(f)(iii) or section 607(f)(i)-(iii).</td>
<td>2) Question 5. While we consider the securities issuable pursuant to warrants and convertible securities as being issued at a price per security less than the market price, provided that the exercise or conversion price did not fall below market price or the market price less the applicable discount, respectively, we would not require shareholder approval, unless the 25% dilutive threshold was exceeded.</td>
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<td>3) Question 9. Security holders who are to be issued anti-dilution rights should be excluded from the shareholder approval vote where such anti-dilution rights result in securities being issued at a price lower than the market price less the applicable discount. We assume that the TSX will use its discretion in such circumstances to require that the holders of such anti-dilution rights will also be excluded from voting on subsequent private placements where securities are to be issued at prices below stated discounts and where the holders of such anti-dilution rights are among the purchases of such privately placed securities. Alternatively, consider revising proposed section 604(h) to provide that insiders as well as other interested security holders will not be eligible to vote in respect of such transactions.</td>
<td>3) Question 9. Section 607(e) has been amended to exclude any insider, their associates or affiliated companies benefiting from special anti-dilution provisions negotiated on an arm's length basis require security holder approval, but does not necessarily require the exclusion of all votes held parties entitled to receive such rights, provided that the parties are not insiders of the issuer. With respect to subsequent private placements, TSX will review the participation by the holder of the special anti-dilution rights, the terms of the then proposed private placement and the position of the holder to assess whether or not they will be excluded from any require shareholder approval, in accordance with TSX published rules.</td>
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TSX Company Manual
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<td>4) Questions 10 and 12. Transactions involving insiders and other related parties are already addressed in, and TSX listed issuers are subject to OSC Rule 61-501 — Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions. Some proposed TSX rules appear to be intended to address substantially similar concerns to those addressed by Rule 61-501, yet in some instances the TSX requirements are more onerous than those of Rule 61-501. In our view, securities legislation is the more appropriate source for conflict of interest regulation. Alternatively, if the TSX considers it important to address such issues in its requirements, TSX rules should be consistent with Rule 61-501.</td>
<td>4) Questions 10 and 12. TSX has historically set a higher standard for its listed issuers for any related party transaction. We believe that it is important for public shareholders to have the opportunity to vote on any significant transaction with a related party, constituting 10% or more dilution. Specifically, we do not believe that a general exemption from a security holder approval is appropriate for transactions by our listed issuers which constitute less than 25% of their market capitalization. Comparatively, NASDAQ requires security holder approval for any arrangement (including a private placement) under which the amount of securities which may be issued exceeds the lesser of 1% or 25,000 voting securities. In addition, the security holder approval which NASDAQ requires is a simple majority of the votes cast, while TSX approval would exclude the participating related parties from the vote. As a result of significant differences in market capitalization and security holder distribution, we believe that 10% is the appropriate threshold to require disinterested security holder approval, despite the requirements contained in OSC Rule 61-501.</td>
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F) Bennett Jones LLP

F) 1) Question 1. The inclusion of factors (iii) and (iv) may erode the perceived transparency or consistency of exercises of discretion. Factors (iii) and (iv) are ambiguous relative to factors (i) and (ii). It would be of assistance to listed issuers for TSX to define the circumstances under which factors (iii) and (iv) would be relevant.

We suggest that TSX consider for inclusion as an additional factor in proposed section 603, as applicable, specifically authorized transaction by a court or regulator, or alternatively, regulated by corporate, securities or other legislation designed to provide investor protection.

We note that provincial securities legislation sets forth certain factors to be considered in determining whether securities regulatory authorities will exercise their discretion not to issue a receipt for a prospectus. All or some of these factors equally may be appropriate in determining whether TSX should exercise discretion in respect of a given transaction.

F) 1) Question 1. Please see our response in Section A, Paragraph 17.

Section 603 will be amended to include an additional factor: "(h) an order of a court or similar administrative regulatory body that has considered the security holders’ interests.” Short of a specific order, approval or authorization, TSX does not consider it appropriate to defer to corporate, securities or other legislation designed to provide investor protection. As the senior equity market in Canada, TSX expects its issuers to meet a higher standard than those prescribed and applicable to private companies, unlisted reporting issuers or even reporting issuers listed on TSX Venture Exchange.

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<td>2) Question 2.</td>
<td>We believe the proposed definition to be appropriate. We suggest, however, that TSX consider a longer period of time to determine market price as a five day trading price may, for junior or infrequently trading issuer, not give an accurate sense of market price.</td>
<td>2) Question 2. We agree that a five day trading price may not be appropriate for an infrequently trading issuer. Upon review of the trading information of the listed issuer, TSX is flexible with respect to the use of a longer period to calculate market price. We do not believe that it is necessary to amend the definition of market price in order to accommodate such issuers. The five day volume weighted average was intended as a benchmark for issuers with an average amount of trading. TSX will give consideration to the use of a shorter period for heavily traded issuers and a longer period for infrequently traded issuers.</td>
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<td>3) Question 3.</td>
<td>We agree with the proposed inclusion of a de facto element to the definition of control, but are of the opinion that in determining whether the ability to affect control exists in fact, reference should only be made to the ability of the shareholder to affect materially the control of the issuer. The ability to influence the outcome of a vote of securities holders should not be enough. The test should require an objective assessment of the security holder’s ability to, either alone or with others, consistently influence significant transactions or decisions or elect or dictate the composition of the board of directors of the issuer.</td>
<td>3) Question 3. We agree that an objective assessment of the security holder’s ability to consistently influence significant transactions or decisions would be preferable, however, we believe that there are factors which must be considered that are particular to each transaction and each issuer which may lead to a different determination depending on the fact pattern.</td>
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<td>4) Question 5.</td>
<td>We agree with the proposal that TSX no longer review transactions involving the issuance of shares priced at or above market, subject to TSX’s discretion to impose restrictions on transactions involving insiders or materially affect control. We agree that such transactions are economically neutral to current security holders.</td>
<td>4) Question 5. Thank you for your comment.</td>
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<td>5) Question 6.</td>
<td>We agree with the proposal that TSX review private placements on a case-by-case basis, rather than over an arbitrary six month period.</td>
<td>5) Question 6. Thank you for your comment.</td>
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<td>6) Question 9.</td>
<td>We agree that security holders should be able to approve a price per security which is below the stated discounts even though, we expect the circumstances under which such approval might be sought would be rare.</td>
<td>6) Question 9. Thank you for your comment.</td>
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7) **Question 10.**
The broad restrictions on issuance of securities that may materially affect the control of the issuer or that involve insiders sufficiently protect security holders. We feel it reasonable that the issuance of securities as payment of purchase price of assets not be subjected to independent restrictions. Provided that an issuer’s intent to effect such a change is publicly disseminated, security holders may exercise their right not to participate in the future course of the issuer by disposing of their securities on the market or voting their securities at the issuer’s next annual meeting in a manner that indicates their disapproval of the the board of director’s business plan.

7) **Question 10.**
We agree. Thank you for your comment.

8) **Question 11.**
We agree with the proposal that TSX no longer impose standards in respect of the issuance of warrant, other than requiring that warrants be priced at market. In this sense, the proposed Amendments will provide listed issuers with further flexibility in raising capital.

8) **Question 11.**
Thank you for your comment.

It is our understanding that security holder approval will be required under the proposed section 608 in respect of amendments to the terms of warrants held by insiders. While we generally agree with this position, requiring security holder approval appears unnecessary in the event the terms of all warrants, including both those held by insiders and those held by non-insiders are to be amended in the same respect.

9) **Question 12.**
We are of the view that 10% is an appropriate threshold when reviewing transactions involving insiders. There may be instances, however, where insiders should be entitled to receive greater than 10% of the issuer’s capital over a six month period, particularly when such participation would only permit such insiders’ to maintain their current pro rata interest in the issuer in connection with a large private placement. Pro rata participation by insiders does not alter the status quo position, however it does alter other security holders position with respect to dilution. If other security holders are not given the opportunity to participate on a pro rata basis, some limit should be placed on the insiders participation.

9) **Question 12.**
We agree that pro rata participation by insiders does not alter the status quo with respect to the insiders’ position, however it does alter security holders position with respect to dilution. If other security holders are not given the opportunity to participate on a pro rata basis, some limit should be placed on the insiders participation. Otherwise, to permit insiders to maintain their position on a pro rata basis gives them a benefit other security holders do not enjoy and forces such holders to bear the additional dilution for the benefit of the insiders.

9) **Question 12.**
In exceptional or extraordinary circumstances, such as those contemplated under 604(e) (financial hardship) TSX will exempt the listed issuer from the requirements of security holder approval.

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15–2-04

Request for Comments

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<td>10) Question 13.</td>
<td>We are of the view that it is appropriate to require that security based compensation arrangements have minimum exercise prices and a maximum terms. We request that TSX consider permitting &quot;rolling 10%&quot; maximums for security based compensation arrangements in addition to fixed reserve plans. Permitting such plans would greatly facilitate the administration of option plans and simplify the investor’s ability to calculate an issuer’s maximum fully diluted share capital at a given time.</td>
<td>10) Question 13. Thank you for your comment. TSX has maintained a minimum exercise price for stock options, however the maximum term of the ten years has been removed. Other than with respect to exercise price, TSX believes that once an arrangement has been approved by security holders, TSX should not be imposing other restrictions. By way of clarification, the current Amendments contemplate &quot;rolling maximums&quot; for security based compensation arrangement. As may be noted, there is no requirement for a fixed maximum as currently exists. With respect to Subsection 613(d) in the Amendments, the enumerated items are only required as they apply. Accordingly, for item 613(d)(ii), if the total number of securities issuable under the arrangements, other than a percentage, does not exist, disclosure of same is not required. TSX has clarified the Section to include the phrase &quot;as applicable&quot; where appropriate.</td>
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<td>11) Question 15.</td>
<td>There does not appear to be a pressing necessity for TSX to continue to accept blanket approval. We would also like to comment on the proposed security holder approval requirements in respect of &quot;backdoor listings&quot;, as described in section 626. The proposed amendments will require that backdoor listings be approved by security holders at a meeting prior to the completion of the transaction. It is our experience that TSX has permitted the satisfaction of such approval through the written evidence that holders of more than 50% of the voting securities of the listed issuer are familiar with the terms of the transaction and are in favour of it. In this regard, proposed section 604(d) appears to alter current practice in respect of a backdoor listing and eliminate the potential for obtaining written approval in satisfaction of the security holder approval requirement, even where securities of listed issuer are broadly distributed under the transaction, no new insider of the listed issuer is created and the transaction does not materially affect control of the issuer. We note that under such circumstances a backdoor listing is akin to a large private placement, for which the proposed amendments would not require security holder approval.</td>
<td>11) Question 15. TSX has permitted the use of security holder consents as evidence of security holder approval in very limited circumstances. Under the Amendments, TSX is proposing to eliminate the limited acceptance of security holder consents. In order for a transaction to be a &quot;backdoor listing&quot; under the current rules and Subsection 626(a) of the Amendments, the transaction must result in a change in effective control of the listed issuer. TSX agrees with your view that acquisitions that result in significant dilution, broad distribution and no material affect on control (i.e., transactions that do not constitute backdoor listings) do not necessarily need to go before security holders at a meeting for their approval. However, TSX is of the opinion that backdoor listings should be approved by security holders at a meeting, not only to permit them to have an opportunity to voice any concerns they may have, but also to ensure that proper disclosure of the transaction is publicly available.</td>
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<td>12) Questions 16 and 17.</td>
<td>We believe that it is reasonable to permit issuers to seek a waiver of security holder approval requirements on the basis of financial hardship.</td>
<td>12) Questions 16 and 17. Thank you for your comment.</td>
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### 1892

**Request for Comments**

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<td>13) Question 19.</td>
<td>We are of the view that it is appropriate for TSX to review the new officers, directors and insiders of non-exempt issuers. However, we are of the view that evaluating director and officer suitability should remain a shareholder and director function, respectively, for exempt issuers. We view it reasonable to continue affording those issuers that have achieved exempt status on TSX a greater degree of autonomy and self-regulation in the selection of board nominees and the appointment of senior management.</td>
<td>13) Question 19. Please see our response in Section A, Paragraph 12. TSX currently only reviews the information provided in the personal information form, verifies such information and reviews publicly available information on the individual. By limiting our review to the information provided in the personal information form, TSX could not verify or ensure that all relevant information is provided.</td>
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<td>1) Disinterested Approval</td>
<td>Disenfranchising holders of 10% or more of an issuer’s shares from voting in respect of approvals of all security-based compensation arrangements, simply because one of the shareholder’s directors or officers, or one of their associates (such as a relative who lives at home), may be entitled to receive a benefit under the arrangement, is a drastic step. Why should a majority shareholder be disenfranchised from voting on a plan for employees if the daughter of an officer of the majority shareholder works as any type of employee of the listed issuer. More detailed requirements relating to the circumstances in which shares can or cannot be voted should be set out. The amendments currently contemplate that the insiders are not eligible to vote “their” securities in respect of such approval. The word “their” does not clearly answer in many cases whether the votes of a shareholder, or group of shareholders, can be voted, having regard to the way the shares may be controlled, directed or beneficially-owned and the relationship of the eligible party to that structure.</td>
<td>1) Disinterested Approval</td>
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Request for Comments

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<td>Assuming the holders of non-restricted shares can vote on a compensation arrangement, it is not clear why their shares should not carry their normal entitlements. If they are entitled to vote, I am not certain why their normal rights would not apply as they are not receiving any different treatment under, or as a result of, the plan than other shareholders. We believe that security based compensation is important to all security holders. We have however raised this issue in the re-published request for comments.</td>
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<td>2) Definition of Security-based Compensation Arrangements Subsection 613(b) should be clarified to confirm that it is only security-based compensation arrangements which involve the issuance of shares from treasury to which security holder approval is required.</td>
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<td>3) Disclosure Consider including the periods of time following termination as a director, an employee or service provider that entitlements continue in subsection 613(d) (ix) (now 613(d)(xi)).</td>
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<td>4) Transitional Arrangements The new requirements provide no guidance as to the transitional arrangements which would apply to amendments to existing plans.</td>
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<td>5) Acquired Plan The codification of the unwritten arrangements relating to the adoption of security-based compensation arrangements of another issuer acquired or merged with the listed issuer is welcomed.</td>
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<td>10) Fairvest 1) Issue 1. Once approved, a plan need not be re-submitted to shareholders. This would result in “evergreen plans”.</td>
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<td>1) Issue 1. TSX did not intend to have plans operate in perpetuity without being subject to shareholder scrutiny. Accordingly, the first sentence of proposed section 613(a) shall be amended as follows: “613. (a) When instituted and every three years thereafter, subject to (b) and (c) all security based compensation arrangements must be approved by the listed issuer’s security holders: (i) a majority of the issuer’s directors and (a) subject to subsections 613(9), (10) and (12) by the listed issuer’s security holders...”</td>
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2) Definition of Security-based Compensation Arrangements Section 613(b) has been amended to include the following statement: “For greater certainty, arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the issuer are not security based compensation arrangements for the purposes of this Section 613.”

3) Disclosure Subsection 613(d)(xii) will be amended to read as follows “the causes of termination cessation of entitlement under each arrangement and the circumstances, including the effect of an employee’s termination for or without cause”.

4) Transitional Arrangements Transitional provisions are included in the revised request for comments.

5) Acquired Plan Thank you for your comment.

TSX Company Manual
## Request for Comments

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<td><strong>2) Issue 2.</strong> Re-pricing of options should not be left to the discretion of the board and other insiders.</td>
<td><strong>2) Issue 2.</strong> TSX agrees that the re-pricing of options to insiders is a fundamental governance issue and should not be left in the hands of those benefiting from such a change. Accordingly, the following will be added to proposed new Section 613(h): “Notwithstanding that a security based compensation arrangement has been approved by the issuer’s security holders: (i) the exercise price for any stock options granted under a security based compensation arrangement must not be lower than the market price of the securities at the time the option is granted; and (ii) security holder approval (excluding the votes of securities held directly or indirectly by insiders benefiting from the amendment) is required for (x) a reduction in the exercise price or purchase price or (y) an extension of the term, under a security based compensation arrangement benefiting an insider of the issuer.”</td>
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<td><strong>I) Canadian Coalition For Good Governance, Barclays Global Investors, Capital International, Inc., Phillips, Hager &amp; North, McLean Budden, Bimcor Inc., Shareholder Association for Research and Education, AMI Partners Inc., Investment Management Corporation</strong></td>
<td>The issues raised by these parties are identical to those raised by Fairvest above and we refer you to our responses in Paragraph H above in that regard.</td>
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<td><strong>J) Ontario Teachers has raised two issues identical to those raised by Fairvest above and we refer you to our responses in Paragraph H above in that regard.</strong></td>
<td><strong>J) Ontario Teachers’ Pension Plan (“Teachers”)</strong></td>
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<td><strong>I) Issue 1.</strong> Current drafting of proposed section 613 implies that individual option grants, even if under an approved plan, will require security holder approval.</td>
<td><strong>I) Issue 1.</strong> Individual option grants under a plan approved by security holders do not require additional security holder approval. Accordingly, proposed section 613(b) will be amended as follows:</td>
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For the purposes of this Section 613, security-based compensation arrangements include:

(i) stock option plans for the benefit of employees, insiders, service providers or any one of such groups;

(ii) individual stock options granted to employees, service providers or insiders, if not granted pursuant to a plan previously approved by the issuer's security holders;

(iii) stock purchase plans where the issuer provides financial assistance or where the issuer matches the whole or a portion of the securities being purchased;

(iv) stock appreciation rights involving issuances of securities;

(v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the listed issuer; and

(vi) security purchases by an employee, insider or service provider which is financially assisted by the listed issuer by any means whatsoever.

For greater certainty, arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the issuer are not security-based compensation arrangements for the purposes of this Section 613.

For the purposes of Section 613, a "service provider" is a person engaged by the issuer to provide services for an initial, renewable or extended period of twelve months or more.

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<td>(i) stock option plans for the benefit of employees, insiders, service providers or any one of such groups;</td>
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<td>(ii) individual stock options granted to employees, service providers or insiders, if not granted pursuant to a plan previously approved by the issuer’s security holders;</td>
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<td>(iii) stock purchase plans where the issuer provides financial assistance or where the issuer matches the whole or a portion of the securities being purchased;</td>
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<td>(iv) stock appreciation rights involving issuances of securities;</td>
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<td>(v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the listed issuer; and</td>
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<td>(vi) security purchases by an employee, insider or service provider which is financially assisted by the listed issuer by any means whatsoever.</td>
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<td>For the purposes of Section 613, a &quot;service provider&quot; is a person engaged by the issuer to provide services for an initial, renewable or extended period of twelve months or more.</td>
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TSX Company Manual
SPECIAL PROVISIONS RESPECTING CONFLICT OF INTEREST AND COMPETITORS OF TSX GROUP INC.

[¶1450-501]

General

The Toronto Stock Exchange is operated by TSX Inc. TSX Inc. is recognized as a stock exchange by the Ontario Securities Commission (“OSC”) under a recognition order which contains certain terms and conditions. In conjunction with the listing of TSX Group Inc. (“TSX Group”), the parent company of TSX Inc. on the Toronto Stock Exchange, the OSC amended the terms and conditions applicable to TSX Inc. to detail certain special listing related conditions to ensure TSX Inc. follows appropriate standards and procedures with respect to the initial and continued listing of TSX Group and Competitors of TSX Group (as defined below). These procedures require TSX Inc. to provide the following disclosure in the Toronto Stock Exchange Company Manual.

Definition of Competitor

For the purposes of these special provisions, “Competitor” means any person, the consolidated business and operations or the disclosed business plans of which are in competition, to a significant extent, with the listing functions, trading functions, market data services or other material line of business of TSX Group or its affiliates.

Conflicts Committee

TSX Inc. has established a Conflicts Committee to review any matters brought before it regarding a Conflict of Interest. “Conflict of Interest” is defined as a conflict of interest or potential conflict of interest relating to the continued listing on TSX Inc. of TSX Group or the initial listing or continued listing of Competitors.

Referrals to Director of the OSC

Where a Competitor certifies to TSX Inc. that information required to be disclosed to the Conflicts Committee or TSX Inc. in connection with an initial listing or continued listing matter of the Competitor is competitively sensitive and the disclosure of that information would in its reasonable view put it at a competitive disadvantage with respect to TSX Group, TSX Inc. will refer the matter to the Director of the OSC requesting that the Director review issues relating to the competitively sensitive information. The Conflicts Committee will consider all other aspects of the matter in accordance with the listing-related procedures.

In addition, at any time that a Competitor believes it is not being treated fairly by TSX Inc. as a result of TSX Inc. being in a Conflict of Interest position, TSX Inc. will refer the matter to the Director of the OSC.

Finally, the OSC has the jurisdiction under the Securities Act (Ontario) to intervene at any time to ensure that Competitors are treated fairly in respect of listing and continued listing matters.

Waiver by Competitor

In any initial listing or continued listing matter of a Competitor, the Competitor may waive the application of the procedures set out in these special provisions by providing a written waiver to TSX Inc. and the Director of the OSC. Where a waiver is provided, TSX Inc. will deal with the initial listing or continued listing matter in the ordinary course as if no Conflict of Interest exists.

Listing Related Procedures

A complete copy of the listing related procedures is attached and can also be found in the September 13, 2002 edition of the Ontario Securities Commission Bulletin, (2002) 25 OSCB 6141.

TSX Company Manual [¶1450-501]
APPENDIX I
LISTING-RELATED CONDITIONS

1. UNDERLYING PRINCIPLES
1.1 TSX carries on the business of the Toronto Stock Exchange.
1.2 TSX Group proposes to become a listed company on TSX, which will be wholly-owned by TSX Group.
1.3 TSX will report to the Director (the “Director”) of the Ontario Securities Commission (“OSC”) or other members of the staff of the OSC certain matters provided for in this Appendix I (the “Listing-Related Procedures”) with respect to TSX Group or certain other TSX-listed issuers that raise issues of conflict of interest or potential conflict of interest for TSX.
1.4 The purpose of this reporting process is to ensure that TSX follows appropriate standards and procedures with respect to the initial and continued listing of TSX Group and Competitors, to ensure that TSX Group is dealt with appropriately in relation to, and Competitors are treated fairly and not disadvantaged by, TSX Group’s listing on TSX. For purposes of these Listing-Related Procedures, “Competitor” means any person, the consolidated business and operations or the disclosed business plans of which are in competition, to a significant extent, with the listing functions, trading functions, market data services or other material line of business of TSX Group or its affiliates.

2. INITIAL LISTING ARRANGEMENTS
2.1 TSX will review, in accordance with its procedures, the TSX Group initial listing application. A copy of the application will be provided by TSX to the OSC’s Director, Corporate Finance at the same time that the application is filed with TSX.
2.2 Upon completing its review of the application and after allowing TSX Group to address any deficiencies noted by TSX, TSX will provide a summary report to the OSC’s Director, Corporate Finance, with its recommendation for listing approval, if made. The summary report will provide details of any aspects of the application that were atypical as well as any issues raised in the process that required the exercise of discretion by TSX. Any related staff memoranda, analysis, recommendations and decisions not included in the summary report will be attached for review by the OSC’s Director, Corporate Finance. A copy of TSX’s current listing manual will also be provided to the OSC’s Director, Corporate Finance.
2.3 The OSC’s Director, Corporate Finance will have the right to approve or disapprove the listing of the TSX Group shares. In the event of disapproval, TSX Group will have the opportunity to address the concerns of the OSC’s Director, Corporate Finance and may resubmit an amended application for listing, or amended parts thereof, to TSX, which will provide a revised summary report and any new materials to the OSC’s Director, Corporate Finance in accordance with section 2.2, along with a copy of the amended application.

3. CONFLICTS COMMITTEE
3.1 TSX will establish a committee (the “Conflicts Committee”) that will review any matters brought before it regarding a conflict of interest or potential conflict of interest relating to the continued listing on TSX of TSX Group or the initial listing or continued listing of Competitors (each, a “Conflict of Interest”). Without limiting the generality of the above sentence, continued listing matters include the following:
(a) matters relating to the continued listing of TSX Group or a Competitor or of a listing of a different class or series of securities of TSX Group or a Competitor than a class or series already listed;
(b) any exemptive relief applications of, or approvals applied for by, TSX Group or a Competitor;
(c) any other requests made by TSX Group or a Competitor that require discretionary involvement by TSX; and
(d) any listings matter related to a TSX-listed issuer or listing applicant that asserts that it is a Competitor.
3.2 Notwithstanding section 3.1, where a Competitor certifies to TSX that information required to be disclosed to the Conflicts Committee or TSX in connection with an initial listing or continued listing matter of the Competitor is competitively sensitive and the disclosure of that information would in its reasonable view put it at a competitive disadvantage with respect to TSX Group, TSX will refer the matter to the Director, requesting that the Director review issues relating to the competitively sensitive information. The Conflicts Committee shall consider all other aspects of the matter in accordance with the procedures set out in section 3.8. In addition, at any time that a Competitor believes that it is not being treated fairly by TSX as a result of TSX being in a conflict of interest position, TSX will refer the matter to the Director.
3.3 In any initial listing or continued listing matter of a Competitor, the Competitor may waive the application of these Listing-Related Procedures by providing a written waiver to TSX and the Director. Where a waiver is provided, TSX will deal with the initial listing or continued listing matter in the ordinary course as if no Conflict of Interest exists.

3.4 The Conflicts Committee will be composed of the Chief Executive Officer of TSX, the general counsel of TSX (the “Committee Secretary”), the senior officer responsible for listings of each of TSX and TSX Venture Exchange Inc., the senior officer responsible for trading operations of TSX, a senior management representative of Market Regulation Services Inc. and two other persons who shall be independent of TSX (as independent defined in paragraph 1(a) of Schedule “A” of the terms and conditions of the recognition order). At least one such independent member must participate in meetings of the Conflicts Committee, in order for there to be a quorum.

3.5 TSX shall use its best efforts to instruct senior management and relevant staff at TSX, and relevant senior management and staff at RS, in order that they are alerted to, and are able to identify, Conflicts of Interest which may exist or arise in the course of the performance of their functions. Without limiting the generality of the foregoing:

3.5.1 TSX shall provide instruction that any matter concerning TSX Group that is brought to the attention of staff at TSX must be immediately brought to the attention of the Committee Secretary.

3.5.2 TSX shall maintain a list in an electronic format, to be updated regularly and in any event at least monthly, of all Competitors that are TSX-listed issuers, and shall promptly after the above-noted approval by the Conflicts Committee provide the current list to managers at TSX and RS who supervise departments that (i) review continuous disclosure; (ii) review requests/applications for exemptive relief; (iii) perform timely disclosure and monitoring functions relating to TSX-listed issuers; and (iv) otherwise perform tasks and/or make decisions of a discretionary nature. In maintaining this list, TSX shall ensure that senior executives in the issuer services division of TSX regularly prepare and review and update the list and provide it promptly to the Conflicts Committee.

3.5.3 TSX shall provide instruction to staff at TSX that any initial listing or continued listing matter or a complaint of a Competitor or of any TSX-listed issuer or listing applicant that asserts that it is a Competitor must be immediately brought to the attention of the Committee Secretary.

3.5.4 TSX shall provide to staff who review initial listing applications and to senior executives in the issuer services division of TSX a summary of the types of businesses undertaken to a significant degree by TSX Group or its affiliates and shall update the list as these businesses change, in order that initial listings staff and senior executives in the issuer services division of TSX may recognize a Competitor.

3.6 The Committee Secretary shall convene a meeting of the Conflicts Committee to be held no later than one business day after a Conflict of Interest has been brought to his or her attention. The Committee Secretary or any member of the Conflicts Committee may also convene a meeting of the Conflicts Committee whenever he or she sees fit, in order to address any conflict issues that may not be related to any one specific matter or issuer.

3.7 TSX shall, at the time a Conflicts Committee meeting is called in response to a Conflict of Interest, immediately notify the OSC’s Manager of Market Regulation that it has received notice of a Conflict of Interest and shall provide with such notice: (i) a written summary of the relevant facts; and (ii) an indication of the required timing for dealing with the matter.

3.8 The Conflicts Committee will consider the facts and form an initial determination with respect to the matter. The Conflicts Committee will then proceed as follows depending on the circumstances:

3.8.1 If the Conflicts Committee determines that a conflict of interest relating to the continued listing on TSX of TSX Group or the initial or continued listing of a Competitor on TSX does not exist and is unlikely to arise, it will notify the OSC’s Manager of Market Regulation of this determination. If the OSC’s Manager of Market Regulation approves such determination, TSX will deal with the matter in its usual course. When it has dealt with the matter, a brief written record of such determination with details of the analysis undertaken, and the manner in which the matter was disposed of, will be made by TSX and provided to the OSC’s Manager of Market Regulation. If the OSC’s Manager of Market Regulation does not approve the determination and provides notice of such non-approval to TSX, TSX will follow the procedures set out in section 3.8.2.

3.8.2 If the Conflicts Committee determines that a conflict of interest relating to the continued listing on TSX of TSX Group or the initial or continued listing of a Competitor on TSX does exist or is likely to arise or if TSX is provided non-approval notice from the OSC’s Manager of Market Regulation under section 3.8.1, TSX shall: (i) formulate a written recommendation of how to deal with the matter; and (ii) provide its recommendation to the OSC’s Manager of Market Regulation for his or her approval, together with a summary of the issues raised and details of any analysis undertaken. If the
OSC’s Manager of Market Regulation approves the recommendation, TSX will take steps to implement the terms of its recommendation.

3.9 Where the OSC’s Manager of Market Regulation has considered the circumstances of an issue based on the information provided to him or her by the Conflicts Committee under section 3.8.2, and has determined that he or she does not agree with TSX’s recommendation (i) and has requested that TSX reformulate its recommendation, TSX shall do so; or (ii) the OSC’s Manager of Market Regulation may direct TSX to take such other action as he or she considers appropriate in the circumstances.

3.10 Where the OSC’s Manager of Market Regulation or the Director is requested to review a matter pursuant to section 3.9 or 3.2, respectively, TSX shall provide to the OSC’s Manager of Market Regulation or the Director any relevant information in its possession and, if requested by the OSC’s Manager of Market Regulation or the Director, any other information in its possession, in order for the OSC’s Manager of Market Regulation or the Director to review or, if appropriate, make a determination regarding the matter, including any notes, reports or information of TSX regarding the issue, any materials filed by the issuer or issuers involved, any precedent materials of TSX, and any internal guidelines of TSX. TSX shall provide its services to assist the matter, if so requested by the OSC’s Manager of Market Regulation or by the Director.

3.11 TSX will provide to the OSC’s Manager of Continuous Disclosure a copy of TSX Group’s annual questionnaire and any other TSX Group disclosure documents that are filed with TSX but not with the OSC’s Continuous Disclosure department. TSX will conduct its usual review process in connection with TSX Group’s annual questionnaire and all prescribed periodic filings of TSX Group. Any deficiencies or irregularities in TSX Group’s annual questionnaire or other TSX-issuer prescribed filings will be communicated to the OSC’s Manager of Continuous Disclosure and brought to the attention of the Conflicts Committee which shall follow the procedures outlined in this section 3.

4. TIMELY DISCLOSURE AND MONITORING OF TRADING

4.1 TSX shall use its best efforts to ensure that RS at all times is provided with the current list of the TSX-listed issuers that are Competitors.

5. MISCELLANEOUS

5.1 Information provided by a Competitor in connection with an initial listing or continued listing matter to the Conflicts Committee will not be used by TSX for any purpose other than addressing Conflicts of Interest. TSX will not disclose any confidential information obtained under these Listing-Related Procedures to a third party other than the OSC unless:

(a) prior written consent of the other parties is obtained;
(b) it is required or authorized by law to disclose the information; or
(c) the information has come into the public domain otherwise than as a result of its breach of this clause.

5.2 TSX will provide disclosure on its website and in the TSX Company Manual to the effect that an issuer can assert that it is a Competitor and will outline the procedures for making such an assertion, including appeal procedures.
# KEY CONTACTS
## ADMINISTRATION AND PERSONNEL

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<th>Role</th>
<th>Name</th>
<th>Phone</th>
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<tr>
<td>Toronto Stock Exchange</td>
<td>The Exchange Tower</td>
<td>1000 Sherbrooke Street West</td>
<td></td>
</tr>
<tr>
<td>Toronto, Ontario, Canada</td>
<td>130 King Street West</td>
<td>Suite 1100</td>
<td></td>
</tr>
<tr>
<td>M5X 1J2</td>
<td>Montreal, Quebec, Canada</td>
<td>H3A 3G4</td>
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## TORONTO OFFICE
### TORONTO STOCK EXCHANGE

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<tr>
<th>Role</th>
<th>Name</th>
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<tbody>
<tr>
<td>Senior Vice-President</td>
<td>Robert Fabes</td>
<td>(416) 947-4491</td>
<td></td>
</tr>
<tr>
<td>Legal Counsel</td>
<td>Luana DiCandia</td>
<td>(416) 947-4246</td>
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<tr>
<td>Director</td>
<td>Tom Graham</td>
<td>(416) 947-4543</td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>Leela Akerboom</td>
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<td></td>
</tr>
<tr>
<td>Manager</td>
<td>David Babstock</td>
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<td></td>
</tr>
<tr>
<td>Senior Advisory Counsel, Team Lead</td>
<td>Raj Dewan</td>
<td>(416) 947-4546</td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>Greg Ferron</td>
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<tr>
<td>Manager</td>
<td>Amelia Nedovich</td>
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<td></td>
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<tr>
<td>Manager, Team Lead</td>
<td>Steven Oliver</td>
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<tr>
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<td>Robert Perry</td>
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<tr>
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<tr>
<td>Manager</td>
<td>Dale Thomson</td>
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<tr>
<td>Legal Counsel</td>
<td>Joel Weinstein</td>
<td>(416) 947-4216</td>
<td></td>
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<tr>
<td>Dividend Administrator</td>
<td>Kay Dhanraj</td>
<td>(416) 947-4663</td>
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## Issuer Reporting

<table>
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<tr>
<td>A–K Companies</td>
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<td>(416) 947-4538</td>
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<tr>
<td>L–Z Companies</td>
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<td>(416) 947-4616</td>
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## Disclosure & Compliance

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<th>Role</th>
<th>Name</th>
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<tr>
<td>Director, Disclosure and Compliance</td>
<td>Eleanor Fritz</td>
<td>(416) 947-4541</td>
<td></td>
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<tr>
<td>Mining Specialist</td>
<td>Francis Manss</td>
<td>(416) 947-4447</td>
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<tr>
<td>Compliance &amp; Reporting Analyst</td>
<td>Scott Ainslie</td>
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## TSX Company Manual
TSX Company Manual

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Christian Marcoux Manager (514) 788-2403
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Market Data Services (416) 947-4452
BUSINESS DEVELOPMENT & RELATIONSHIP MANAGEMENT SERVICES
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(888) 873-8392
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Elaine Ellingham Regional Manager, BC and Mining Services (416) 947-4516
Raymond King Regional Manager, Alberta & Prairie Region (416) 947-4675
David Kaiser Regional Manager, Ontario Region (Ontario outside downtown Toronto) (416) 947-4527
Janis Koyanagi Regional Manager, Ontario Region (downtown Toronto) (416) 947-4467

[The next page is 17.]
SUMMARY OF FILING AND REPORTING REQUIREMENTS FOR LISTED COMPANIES

This is a general but not exhaustive guide to aid listed companies in fulfilling the TSX's filing and reporting requirements. The specified sections of the Company Manual should be consulted for further details.

All filings, other than the initial notification of news releases and dividends, can be filed through SEDAR. If you choose to send hard copies of these filings, unless otherwise indicated, they should be addressed to:

Advisory Affairs Division
The Toronto Stock Exchange
The Exchange Tower
130 King Street West
Toronto, Ontario, Canada
M5X 1J2

Fax: (416) 947-4547

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<td>Tel: (416) 646-7220 Fax: (416) 646-7263</td>
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TSX Company Manual
PART I
INTRODUCTION

[¶1400-101]
The requirements set by the Toronto Stock Exchange relating to listed companies are a part of a substantial body of law and custom that, over the years, has evolved to ensure a fair and orderly market for listed securities. The Company Manual has been designed to provide a detailed and well-indexed compendium of these requirements.

The Exchange plays an important role in assisting in the recruitment of capital and in the maintenance of an effective secondary market for relatively new enterprises, as well as for established companies. Exchange listings range from junior mining, oil, gas and industrial issues to mature international companies. To accommodate companies with such a diversity of activity and size, while at the same time ensuring that certain basic standards are met, the Exchange maintains listing requirements which apply specifically to junior companies, as well as requirements that are for more seasoned companies.

Organization of the Manual

[¶1400-102]
In this Manual, for the purposes of clarity and convenience, the Exchange requirements that apply to special cases, such as junior companies, have been clearly separated from the general listing requirements. The Manual also segregates, in one part, all procedures and requirements applying at the time of listing, while requirements for the maintenance of a listing are brought together in other parts of the Manual.

Company executives contemplating the possibility of listing the securities of their company on a stock exchange must inevitably weigh the advantages of such a course of action for the company and its security holders. The Exchange is frequently asked about the benefits to be derived from a listing on the Toronto Stock Exchange. Part of the reply to this question relates to the variety of the scope of services provided by the Exchange and its Participating Organizations. Part II of the Manual provides a summary of the main benefits to be gained from an exchange listing, and this is followed by a brief description of the Toronto Stock Exchange and its Participating Organizations. This information should enable executives to better measure the overall significance of a Toronto Stock Exchange listing for a company, its security holders and the capital markets in general.

Part III of the Manual deals with the requirements and procedures relating to a new listing. The remainder of the Manual is concerned with matters with which listed companies need to be familiar in order to maintain their listing on the Exchange.

Special Circumstances

[¶1400-103]
The listing requirements of the Exchange are comprehensive and relevant to most situations. Yet, because of rapid structural changes in business and the breadth and complexity of the activities of listed companies, circumstances could arise where explicit guidance may not be found in the Manual. In those instances where a particular corporate situation is unique, and where no specific rules relating to such a situation can be found, companies are expected to adhere to the spirit of the Exchange's listing requirements.

Interpretation

[¶1400-104]
In this Manual, “board lot” means 100 securities having a market value of $1.00 per security or greater, 500 securities having a market value of less than $1.00 and not less than 10¢ per security, or 1,000 securities having a market value of less than 10¢ per security; “class” includes a series of a class of shares; “company” includes a trust, partnership or other form of business organization; “equity security” includes a trust, partnership or other form of business organization; “publicly held” securities means securities held by public holders; “share” includes an equity interest in a trust, partnership or other form of business organization.
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